

Book 3
Processing the Loan

MGIC

THE FUNDAMENTALS OF THE MORTGAGE PROCESS



Introduction

It all starts with the dream of owning a home. Consumers will often turn to you, the loan originator, for help turning that dream into a reality.

Consumers look to you, a member of the mortgage industry, for expertise and guidance as they navigate the mortgage process. But where can you go for guidance?

At MGIC, we know how many steps, people, processes and rules are involved in the whole Mortgage Cycle. And we know that in today's constantly evolving and heavily regulated market, it's more important than ever to stay on top of changes. That's why we prepared this program: *The Fundamentals of the Mortgage Process*.

Fundamentals breaks down the main components of the mortgage process, and explores and explains each piece. We'll walk you through everything from loan origination and closing to servicing and selling. You'll also learn how The 4 Cs of the mortgage industry – Credit, Capacity, Capital and Collateral – can help determine whether a consumer will be a successful homeowner.

Once you have completed this course, you can better position yourself as an expert to your customers. You'll have the preparation and confidence to successfully:

- Explain to consumers how The Four Cs will affect their ability to purchase and own a home
- Preapprove and prequalify consumers
- Help consumers understand their loan options
- Guide consumers through the loan application process
- Process loans in order to make faster, prudent underwriting decisions

The mortgage business is a risk-based business. But the more you know and understand about the process, the more you can help minimize that risk for your company and your customers – and the more it will increase your success as a mortgage professional. We've put all the information you need in a convenient, easy-to-read package.

If you have questions about any of the information presented in *The Fundamentals of the Mortgage Process*, please contact your MGIC account representative, mgic.com/contact.

Symbol Key

We use the following icons throughout the *Fundamentals* program to highlight details, tips and shortcuts that will help you better understand the mortgage cycle.



Dictionary: Industry jargon and acronyms explained



File It: Important documents you must include in the loan file



Take Note: Information, shortcuts or exercises that can make your job easier



Checkpoint: Helpful review points to help you ensure you've got everything you need to complete the loan file



Check This Out: Information about MGIC resources relative to the topic at hand



Book 1
Understanding
the Mortgage Cycle



Book 2
Taking the Loan
Application



Book 3
Processing the
Loan



Book 4
Evaluating Credit,
Capacity, Capital
and Collateral



Book 5
Understanding
How Mortgage
Insurance Works

BOOK 3

Processing the Loan

The materials included in this publication are intended for general information only. This publication is not intended to be complete or all-inclusive regarding the matters discussed herein, and nothing contained in this publication is intended to be, or should be relied upon as legal, accounting, compliance or other professional advice. Consequently, this publication should not be used as the basis for specific action without obtaining the advice of knowledgeable and experienced professionals.

Although we believe the information set forth in this publication is generally accurate, the information may be outdated due to the rapidly changing nature of the residential mortgage industry, and we do not warrant the accuracy, reliability or completeness of any information contained in this publication.

The information in this publication is culled from a variety of business and mortgage industry sources. Attribution is given where deemed necessary. Opinions and insights expressed herein do not necessarily represent our views.

This publication is intended for the sole internal use of the recipient and may not be reproduced, in whole or in part, or stored in any electronic or retrieval system, or transmitted in any form or by any means, without our prior written consent.

© 2020 Mortgage Guaranty Insurance Corporation. All rights reserved.

Desktop Underwriter® and DU® are registered trademarks of Fannie Mae; Loan Product Advisor® is a registered trademark of Freddie Mac.

Table of Contents

Processing the Loan	2
Processing Responsibilities	2
Why All The Documentation?	3
Automated Underwriting	4
Efficiencies of Automated Underwriting	4
How Does an AUS Work?	5
The Uniform Underwriting And Transmittal Summary/1008	6
1008 Section I. Borrower and Property Information	7
1008 Section II. Mortgage Information	8
1008 Section III. Underwriting Information	9
1008 Section IV. Seller and Contact Information	14
Appendices	15
Appendix A: DU Summary of Findings	16
Appendix B: Loan Product Advisor Feedback Certificate	20
Appendix C: The Loan App	26
Appendix D: Loan File Checklist	41
Appendix E: The 8 Stages of the Mortgage Cycle	42

Processing the Loan

In our *Fundamentals of the Mortgage Process Book 2: Taking the Loan Application*, we gathered information about the borrowers through the Loan App. In this *Fundamentals* book, we learn how proper processing is crucial for making an educated, prudent decision whether to approve the loan.

Substantiating borrower information through verification and documentation rests largely on the shoulders of the processor. The extent of documentation required depends on:

- Whether an automated underwriting system (AUS) is underwriting the loan or an underwriter is manually underwriting it
- The complexity of the file
- The level of risk
- Your company and/or investor requirements

At the end of this section, you will be able to:

- Understand the role of the processor in the mortgage process
- Differentiate types of documentation

Throughout this book:

- The role of the processor will be played by you
- "Borrowers" refers to both multiple borrowers or a single borrower

Processing Responsibilities

With a completed Loan App, we move from Origination to the Processing stage of the Mortgage Cycle (see page 42), where processors put their super powers to work:

- **Ensuring data integrity** by providing accurate, complete information for the loan file, including data entry into an AUS
- **Keeping the lines of communication open among parties involved in the transaction** by:
 - Staying in constant contact with borrowers regarding the status of their mortgage, to request documentation or to clarify questions
 - Following up with underwriters and originators
 - Contacting resources for documentation
 - Scheduling the closing date with the borrowers, sellers, the lender and their representatives, etc.
- **Gathering and verifying documentation** by:
 - Discovering the necessary documentation and obtaining it from credit and service providers, employers, banking institutions, etc.
 - Noting any inconsistencies among documents and the Loan App
- **Preparing and submitting a thorough, accurate loan file** for underwriting
- **Satisfying the underwriting conditions** by gathering all of the documents necessary so an underwriter can make an informed underwriting decision

Why All the Documentation?

Documentation validates the information the borrowers provided in the Loan App, including:

- The value of the property
- The source of the down payment
- The borrowers' employment history
- Their income, assets and liabilities
- Their present and proposed housing expense

Documentation will guide the underwriter's evaluation of how well the borrowers measure up against specific characteristics of risk, known in the mortgage industry as The 4 Cs:



The 4 Cs

Credit: The borrowers' willingness to repay the loan based on their prior use of credit

Capacity: The borrowers' ability to repay based on the amount and stability of their income

Capital: The borrowers' investment in the property from savings and other sources

Collateral: Whether the property's value and marketability provide adequate security for the loan

The presence of a high-risk factor in any one of these categories doesn't necessarily threaten successful homeownership. But when a number of interrelated high-risk characteristics are present without sufficient offsets or compensating factors, their cumulative effect increases the likelihood of default.

Ultimately, it's documentation that will support the decision whether to approve the borrowers' mortgage.



By making sure each loan package contains the appropriate information, you can expedite the mortgage process. Our Loan File Checklist on page 41 is a handy guide for assembling loan packages for submission to underwriters and investors.

Loan Documentation

Several factors influence the amount of documentation required for a loan, including its risk assessment and whether it was underwritten by an AUS. Investors require less documentation for lower-risk loans.

The particular documents you may need to gather to validate the information in the Loan App are determined by your company's internal processes, AUS Findings/Feedback reports, investor requirements and the information presented in the Loan App itself.

Acceptable methods you can use to obtain documentation are:

- **Standard verification**, where you'll request Verification of Employment (VOE), Verification of Deposit (VOD) and Verification of Mortgage/Rent (VOM/R) directly from the verifying entity
- **Electronic verification**, where either borrowers will provide computer-generated W-2s, paystubs and bank statements or the loan originator may obtain them directly from the borrower's employer, depository or other institution
- **Third-party verification**, where you request verification directly from a third-party service verifying employment, income and/or assets

Automated Underwriting

Technology defines how we originate, process and underwrite mortgages. We have grown dependent on it in terms of speed, ease and consistent risk decisions.

In this section, we'll discuss Fannie Mae's and Freddie Mac's AUS systems in particular – and the reports they generate.

At the end of this section, you will be able to:

- Understand the advantages of using an AUS
- Understand how an AUS works
- Appreciate the importance of complete, accurate data when using an AUS

Efficiencies of Automated Underwriting

In the automated underwriting world, each loan is considered unique, based on its individual set of risk factors. AUS systems pre-underwrite each loan and then provide processing direction according to the results.

Fannie Mae's Desktop Underwriter (DU), and Freddie Mac's, Loan Product Advisor take the data you submit and run it through complex models built on years of statistical loan experience. The AUS evaluates the data according to risk inherent in the borrowers' profile (see The 4 Cs, page 3) and produces a report providing:

- **Risk analysis:** whether the borrowers are an acceptable risk, based on their credit profile and noncredit risk factors (Capacity, Collateral and Capital)
- **Eligibility:** whether the program and terms entered into the system are acceptable and the loan is eligible for purchase (by Fannie or Freddie)
- **Eligibility for representation and warranty relief:** whether the income, employment, assets and/or collateral for the loan are eligible for validation or automatic assessment
- **Processing direction:** the information you'll need to process and document the loan

AUS systems create efficiencies that reduce time spent processing and documenting each loan. With the help of an AUS, you can qualify more borrowers, reduce paperwork, submit for underwriting sooner and get your borrowers to the closing table faster. It all comes down to saving time and money and making customers happy.

How Does an AUS Work?

You may enter loan application data directly into the AUS or, for loan origination system users, information you entered into your LOS automatically populates the AUS. The AUS pulls credit reports for each borrower.

Fannie Mae's Desktop Underwriter generates results in a Summary of Findings report; Freddie Mac's Loan Product Advisor provides a Feedback Certificate.

The Findings/Feedback results show credit risk evaluation, representation and warranty relief eligibility and required documentation you'll need to gather. As you obtain documentation, compare it with the information in the Findings/Feedback. Reconcile any differences, update the AUS accordingly and run a new report.

For a sample and explanation of the DU Summary of Findings Report, see Appendix A on page 16; for details about the Loan Product Advisor Feedback Certificate, see Appendix B on page 20.

DU and Loan Product Advisor offer lenders optional income, employment and asset validation/assessment using electronic verification reports obtained from approved third-party verification service providers. When DU's Day 1 Certainty® validates or Loan Product Advisor's asset and income modeler (AIM) assesses a loan component, the loan may be eligible for representation and warranty relief related to that component.

Fannie Mae's Collateral Underwriter® (CU®) and Freddie Mac's Loan Collateral Advisor® (LCA) are optional appraisal risk assessment models built on millions of property valuations, historical data and public records. CU and LCA compare a loan's appraisal to their robust databases and assign a risk score (1=low, 5=high). For certain loans receiving a risk score of 2.5 or below, the lender may be eligible for representation and warranty relief related to property value.

An AUS may also waive the need for an appraisal all together and provide a lender representation and warranty relief related to the value, condition and marketability of the property. When Desktop Underwriter (in conjunction with CU) offers an appraisal waiver, Fannie Mae accepts the value estimate submitted by the lender and waives the appraisal requirement. Similarly, Loan Product Advisor may deem a loan eligible for ACE (Automated Collateral Evaluation) based on the estimated property value submitted by the lender.

Good Practice: The Double-Check

Review the information gathered on the Loan App to ensure that you're starting with complete, accurate data.

Inaccurate or missing data cancels the benefits of using an AUS. Processing to inaccurate or missing data results in more time, work and expense to process the file. It may cause extra calls to the borrowers for additional information and documentation. If too much data is missing, you may not receive a report at all.

If the data from the Loan App is accurate, you will process and document the loan manually or according to the processing direction from AUS results.



What key information do you need to cross-check AUS results? All of it. The best place to start is by ensuring the information you are looking at pertains to your loan: Compare the borrower information on the AUS report with the information provided by the borrowers and on their credit report.

Collateral Underwriter®, CU® and Day 1 Certainty® are registered trademarks of Fannie Mae. Loan Collateral Advisor® is a registered trademark of Freddie Mac.

The Uniform Underwriting And Transmittal Summary/1008

The Transmittal Summary is published jointly by Fannie Mae and Freddie Mac. Fannie Mae calls it Form 1008 (pronounced ten-oh-eight); Freddie Mac, Form 1077. We will refer to it as the 1008.

This comprehensive form serves many purposes: It houses key information used in the risk assessment of a loan and the decision whether to approve it. For approved loans, information from the 1008 may be used to create the loan commitment letter, also known as the approval letter; the final Loan App; and the mortgage documents to be signed at closing.

That's a lot of ground for one form to cover. And that's why thorough and accurate work up front falls to the processor, whose efforts will expedite the loan's closing.

In this section, we'll walk through the 1008, its contents and how the information it contains is calculated.

At the end of this section, you will be able to:

- Understand the purpose of the 1008
- Define and calculate qualifying ratios
- Define and calculate loan-to-value (LTV) ratios
- Explain the relevance of qualifying ratios and LTV ratios as they apply to the loan process

Preparing the Loan for Underwriting

Most originators use an AUS to process a Loan App, and the resulting DU Findings/Loan Product Advisor Feedback report contains the most important characteristics of the loan. Manually underwritten loans will not have a Findings/Feedback report, but the 1008 displays these same important characteristics.

It is this document in the loan file – the DU Findings, Loan Product Advisor Feedback or 1008* – that contains key data elements and provides totals and ratios detailing final income and debt figures, loan amount, interest rate and collateral information. This data will help assess risk, as well as determine the underwriting decision.

In this book, we'll prepare a 1008 from scratch so you can see where the data to complete it comes from, as well as the how and why behind calculations. You'll transfer the majority of information on the 1008 from the Loan App, officially called the Uniform Residential Loan Application (URLA – see Appendix C, page 26). We will pay particular attention to the areas of the 1008 that differ from the URLA. You'll also pull information from the appraisal report and the credit report. And you'll need to calculate some of the information.



The GSEs updated the 1008 in December 2018. As of publication of this book, additional changes based on lender input are under consideration.

Preparing the Loan for Closing

Generally, this is when you'll order pay-off statements and review the tax bill and title commitment to obtain a "clear-to-close" status.

Also at this point, you'll obtain a verbal verification of employment (VVOE), typically required for employment income within 10 business days prior to the closing date. Verbal verification dates vary for self-employed borrowers. Always check investor requirements.

*Lenders may (but are not required to) retain a 1008 for loans with DU Findings or Loan Product Advisor Feedback reports.

Section I. Borrower and Property Information

Uniform Underwriting and Transmittal Summary		
I. Borrower and Property Information		
Borrower Name <u>Peter Simon</u>	Occupancy Status	Sales Price \$ <u>200,000</u>
Total # of Borrowers <u>2</u>	<input checked="" type="checkbox"/> Primary Residence	3 Appraised Value \$ <u>201,000</u>
Property Address <u>126 Lake View Lane, Pleasant Valley, XY 99999</u>	<input type="checkbox"/> Second Home	
	<input type="checkbox"/> Investment Property	
1 Property Type	2 Project Classification	Property Rights
<input checked="" type="checkbox"/> 1 unit	Freddie Mac	<input checked="" type="checkbox"/> Fee Simple
<input type="checkbox"/> 2 units	<input type="checkbox"/> Streamlined Review	<input type="checkbox"/> Leasehold
<input type="checkbox"/> 3 units	<input type="checkbox"/> Established Project	
<input type="checkbox"/> 4 units	<input type="checkbox"/> New Project	
<input type="checkbox"/> Condominium	<input type="checkbox"/> Detached Project	
<input type="checkbox"/> PUD <input type="checkbox"/> Co-op	<input type="checkbox"/> 2- to 4-unit Project	
<input type="checkbox"/> Manufactured Housing	<input type="checkbox"/> Exempt from Review	
<input type="checkbox"/> Single Wide <input type="checkbox"/> Multiwide	<input type="checkbox"/> Reciprocal Review	
	Fannie Mae	
	<input type="checkbox"/> E Established PUD Project	
	<input type="checkbox"/> F New PUD Project	
	<input type="checkbox"/> P Limited Review - New Condo Project	
	<input type="checkbox"/> Q Limited Review - Established Condo Project	
	<input type="checkbox"/> R Full Review - New Condo Project	
	<input type="checkbox"/> S Full Review - Established Condo Project	
	<input type="checkbox"/> T Fannie Mae Review through PERS - Condo Project	
	<input type="checkbox"/> U FHA-approved Condo Project	
	<input type="checkbox"/> V Condo Project Review Waived	
	<input type="checkbox"/> 1 Full Review - Co-op Project	
	<input type="checkbox"/> 2 Fannie Mae Review through PERS - Co-op Project	
Project Name _____	Fannie Mae Condo Project Manager™ Project ID# (if any) _____	

Section I of the 1008 includes basic information related to the borrowers and the property. Refer to URLA Section 1: Borrower Information for Borrower Name and Total # of Borrowers and URLA Section 4: Loan and Property Information for Property Address and Occupancy Status.

Enter the following information, as applicable:

- 1** **Property Type:** You'll find this information in URLA section 4a. Loan and Property Information and URLA — Lender Loan Information section L1. Property and Loan Information.

Check all that apply. For example, if the property is a condominium, check both 1 unit and Condominium.

- **1 unit:** An individual, single-family property
- **2, 3 or 4 units:** A detached, multi-family property
- **Condominium:** A real estate project in which each unit owner has title to a unit in a building
- **PUD** (planned unit development): A real estate project in which each unit owner has title to a residential lot and building
- **Co-op** (cooperative): A real estate project in which the right to occupy a unit is obtained through the purchase of stock in the corporation which owns the building
- **Manufactured Housing:** A home built on a steel undercarriage with the wheel assembly necessary for transportation

- 2** **Project Classification:** Indicate the appropriate classification.



Fannie Mae/Freddie Mac assign project classifications based on project specifications. The classification will determine the required level of review. You may need to refer to investor guidelines to determine the appropriate selection.

- 3** **Appraised Value:** Enter the estimated value of the subject property, as indicated on the appraisal report. Refer to the sales contract for the Sales Price.

Section II. Mortgage Information

II. Mortgage Information				
Loan Type	Amortization Type	1 Loan Purpose	2 Lien Position	
<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> USDA/RD	<input checked="" type="checkbox"/> Fixed-Rate—Monthly Payments <input type="checkbox"/> Fixed-Rate—Biweekly Payments <input type="checkbox"/> Balloon <input type="checkbox"/> ARM (type) <input type="checkbox"/> Other (specify)	<input checked="" type="checkbox"/> Purchase <input type="checkbox"/> Cash-Out Refinance <input type="checkbox"/> Limited Cash-Out Refinance (Fannie) <input type="checkbox"/> No Cash-Out Refinance (Freddie) <input type="checkbox"/> Home Improvement <input type="checkbox"/> Construction Conversion/Construction to Permanent	<input checked="" type="checkbox"/> First Mortgage Amount of Subordinate Financing \$ _____ (If HELOC, include balance and credit limit) <input type="checkbox"/> Second Mortgage	
3 Note Information	4 Mortgage Originator		5 Temporary Buydown	
Loan Amount \$ <u>180,000</u> Note Rate <u>5.5000</u> % Loan Term (in months) <u>360</u>	<input type="checkbox"/> Seller <input type="checkbox"/> Broker <input checked="" type="checkbox"/> Correspondent Broker/Correspondent Name and Company Name: <u>ABC Mortgage Company</u>		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Terms _____	

Section II of the 1008 provides detailed information about the terms and purpose of the mortgage. Refer to URLA — Lender Loan Information section L3. Mortgage Loan Information for Loan Type and Amortization Type.

1 Loan Purpose: Locate this information in URLA Section 4a. Loan and Property Information and URLA — Lender Loan Information section L1. Property and Loan Information.

Indicate the purpose of the loan:

- **Purchase:** A loan to finance the acquisition of the subject property
- **Cash-Out Refinance:** A transaction where the amount of money received by the borrower from the new loan exceeds the total funds needed to repay the existing debt and closing costs. (Also referred to as an equity refinance)
- **Limited Cash-Out Refinance (Fannie):** Used to pay off the first mortgage and any junior liens used to acquire subject property; pay closing costs; and disburse cash back to borrower, the lesser of 2% of the new refinance mortgage or \$2,000
- **No Cash-Out Refinance (Freddie):** Used to pay off / pay down the first mortgage and any junior liens used to acquire subject property; pay closing costs; and disburse cash back to borrower, up to the greater of 1% of the new refinance mortgage or \$2,000
- **Home Improvement:** Uses some or all of the loan proceeds to repair, remodel, renovate, rehabilitate or otherwise improve the borrowers' home
- **Construction Conversion/Construction to Permanent:** Provides: (1) interim construction financing, allowing loan proceeds to be disbursed over time to pay the builder, contractors, subcontractors, suppliers or other providers of materials or services; and (2) long-term, permanent

financing, known as a “permanent” or “end loan,” to replace the interim financing upon completion of the proposed home’s construction

2 Lien Position: Refer to URLA — Lender Loan Information section L3. Mortgage Loan Information to determine whether the subject loan is a first or second mortgage.

- **Amount of Subordinate Financing:** If the loan has a new second mortgage, list the amount stated in URLA Section 4b. Other New Mortgage Loans on the Property You are Buying or Refinancing or URLA — Lender Loan Information section L4. Qualifying the Borrower – Minimum Required Funds or Cash Back, line J. For existing liens, refer to URLA Section 3a. Property You Own for this information

3 Note Information: Locate the loan amount in URLA Section 4a. Loan and Property Information. Use the note rate and loan term provided in URLA — Lender Loan Information section L3. Mortgage Loan Information.

4 Mortgage Originator: Indicate who is originating the mortgage:

- **Seller:** The lender who will be delivering the loan to the investor
- **Broker:** Originates mortgage loans for wholesale. Brokers close loans in the wholesaler’s name with the wholesaler’s funds
- **Correspondent:** Originates and funds mortgages in its own name. Correspondents sell loans to larger lenders, who service them and may also sell them to the Secondary Market

5 Temporary Buydown: Refer to URLA — Lender Loan Information section L3. Mortgage Loan Information to determine whether the loan is a temporary buydown; for Terms, use the buydown rate stated under Loan Features.

1008

Section III. Underwriting Information

III. Underwriting Information			
Underwriter's Name	Appraiser's Name/License # John Appraiser / 123-0000000	Appraisal Company Name Accurate Appraisal	
1 Stable Monthly Income		4 Proposed Monthly Payment for the Property	
Borrower 1	\$ 4,161.00	First Mortgage P&I	\$1,022.02
Borrower 2	\$ 5,000.00	Subordinate Lien (s) P&I	\$
Borrower 3	\$	Homeowner's Insurance	\$ 95.00
Borrower 4	\$	Supplemental Property Insurance	\$
Other Borrowers (5+)	\$	Property Taxes	\$ 208.33
Rental Income - subject property	\$	Mortgage Insurance	\$ 52.50
Net Rental Income - other properties	\$	Association/Project Dues (Condo, Co-Op, PUD)	\$
2 Total Borrower Income	\$ 9,161.00	Other	\$
3 <input type="checkbox"/> At least one borrower is self-employed		5 Total	\$ 1,377.85
Qualifying Ratios		6 All Other Monthly Payments Used in Qualifying	\$ 1,110.00
7 Primary Housing Expense/Income	15.04 %	Borrower Funds to Close	
8 Total Obligations/Income(DTI)	27.16 %	Required	\$ 20,389.78
		Verified Assets	\$ 78,079.00
12 Qualifying Rate		No. of Months Reserves	
<input checked="" type="checkbox"/> Rate Used for Qualifying	5.5000 %	Interested Party Contributions	%
<input type="checkbox"/> Initial Bought-Down Rate	%	Homeownership Education Certificate in File	
<input type="checkbox"/> Other	%	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
14 Risk Assessment			
<input type="checkbox"/> Manual Underwriting			
<input type="checkbox"/> AUS		Affordable Housing Initiative	
<input checked="" type="checkbox"/> DU <input type="checkbox"/> LPA <input type="checkbox"/> Other		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
AUS Recommendation	Approve/Eligible		
DU Case ID/LP AUS Key#	1234567899		
LPA Doc Class (Freddie)			
15 Representative Credit/Indicator Score	720		
16 Underwriter Comments			

This section of the 1008 puts more of the data from the URLA to work. The borrowers' income, primary housing payment and debt obligations will be compared to take another, even more refined measure of their Capacity – their ability to repay the mortgage.

Provide the following information, as applicable:

1 Stable Monthly Income:

- Borrower income:** Income the borrowers receive or earn that has been verified as stable monthly income. Refer to the URLA and URLA — Additional Borrower sections 1b. Current Employment/Self-Employment and Income, 1c. Additional Employment/Self-Employment and Income and 1e. Income from Other Sources
- Rental Income - subject property:** The monthly income generated from the subject property; a 2- to 4-unit, owner-occupied property; or a 1- to 4-unit investment property. This information is located in URLA sections 3a. Property You Own or 4c. Rental Income on the Property You Want to Purchase
- Net Rental Income - other properties:** The monthly income generated from any non-subject investment properties owned by the borrowers. Locate the amount in URLA section 3b. IF APPLICABLE, Complete Information for Additional Property

2 Total Borrower Income: Add all sources of income and enter the total.

3 At least one borrower is self-employed: Indicate whether at least 1 borrower's stable monthly income is from self-employment.

4 Proposed Monthly Payment for the Property: Transfer the applicable amounts from URLA — Lender Loan Information section L3. Mortgage Loan Information.

5 Total: This amount represents the total monthly payment – or PITIA – for the subject property.



PITIA is an acronym for the 5 components of the monthly mortgage payment:

Principal: The portion of the payment used to reduce the loan balance(s)

Interest: The portion of the payment used to pay interest that is due

Taxes: One-twelfth of the annual property tax bill

Insurance: One-twelfth of the annual homeowners, supplemental property insurance (e.g., flood insurance) and mortgage insurance bills

All other: Homeowner association/project dues, ground rent, etc.

Section III. Underwriting Information (continued)

III. Underwriting Information			
Underwriter's Name	Appraiser's Name/License # John Appraiser / 123-0000000	Appraisal Company Name Accurate Appraisal	
1 Stable Monthly Income		4 Proposed Monthly Payment for the Property	
Borrower 1	\$ 4,161.00	First Mortgage P&I	\$1,022.02
Borrower 2	\$ 5,000.00	Subordinate Lien (s) P&I	\$
Borrower 3	\$	Homeowner's Insurance	\$ 95.00
Borrower 4	\$	Supplemental Property Insurance	\$
Other Borrowers (5+)	\$	Property Taxes	\$ 208.33
Rental Income - subject property	\$	Mortgage Insurance	\$ 52.50
Net Rental Income - other properties	\$	Association/Project Dues (Condo, Co-Op, PUD)	\$
2 Total Borrower Income	\$ 9,161.00	Other	\$
3 <input type="checkbox"/> At least one borrower is self-employed		5 Total	\$ 1,377.85
Qualifying Ratios		6 All Other Monthly Payments Used in Qualifying	\$ 1,110.00
7 Primary Housing Expense/Income	15.04%	Borrower Funds to Close	
8 Total Obligations/Income(DTI)	27.16%	Required	\$ 20,389.78
		Verified Assets	\$ 78,079.00
12 Qualifying Rate		No. of Months Reserves	
<input checked="" type="checkbox"/> Rate Used for Qualifying	5.5000%	Interested Party Contributions	%
<input type="checkbox"/> Initial Bought-Down Rate	%	Homeownership Education Certificate in File	
<input type="checkbox"/> Other	%	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
14 Risk Assessment			
<input type="checkbox"/> Manual Underwriting			
<input type="checkbox"/> AUS			
<input checked="" type="checkbox"/> DU <input type="checkbox"/> LPA <input type="checkbox"/> Other			
AUS Recommendation	Approve/Eligible		
DU Case ID/LP AUS Key#	1234567899		
LPA Doc Class (Freddie)			
15 Representative Credit/Indicator Score	720		
16 Underwriter Comments			

6 All Other Monthly Payments Used in Qualifying: Use the totals from URLA sections 2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe and 2d. Other Liabilities and Expenses.

If the borrower owns real estate in addition to the subject property, also include Monthly Insurance, Taxes, Association Dues, etc.; and Monthly Mortgage Payment(s) from URLA Section 3: Financial Information – Real Estate.

If the subject property is a second home or investment property, be sure to include the borrowers' Total Primary Housing Expense payment.

Qualifying Ratios

Underwriters and investors will use the qualifying and LTV ratios you calculate in Section III of the 1008 to quantify the borrowers' Capacity and Capital and evaluate the degree of risk associated with the loan. The ratios may have been calculated earlier in the process – most likely when the loan originator prequalified the borrowers. As the loan moves through the system, you'll check and re-check the ratios as you receive and verify information.

7 Primary Housing Expense/Income: This qualifying ratio tells you the percentage of the borrowers' total monthly income that will be dedicated to their Primary Housing Expense (PITIA) payment. It's referred to as the top ratio, front-end ratio or housing ratio. We will use housing ratio.

Housing Ratio Formula

$$\frac{\text{Primary Housing Expense (PITIA)} \text{ 5}}{\text{Total Borrower Income} \text{ 2}} = \text{Housing Ratio} \text{ 7}$$

Calculate the Housing Ratio

Primary Housing Expense (PITIA): \$1,377.85
Total Income: \$9,161.00

$$\frac{\$1,377.85}{\$9,161.00} = \text{Housing Ratio}$$

$$15.04\% = \text{Housing Ratio}$$

Because the Total Proposed Monthly Payment for the Property **5** is for the borrowers' primary residence, it serves as their Primary Housing Expense.

8 Total Obligations/Income (DTI): This qualifying ratio compares the total of all monthly payments, including the borrowers' Primary Housing Expense (PITIA), with their total income. It's also known as the bottom ratio, back-end ratio, debt ratio, debt-to-income (DTI) ratio or total debt ratio. We will use Total Debt Ratio and DTI interchangeably.

Total Debt Ratio Formula

$$\frac{\text{Primary Housing Expense (PITIA) } 5 + \text{All Other Monthly Payments } 6}{\text{Total Borrower Income } 2} = \text{Total Debt Ratio } 8$$

The Total Debt Ratio tells you the percentage of the borrowers' total income that will be used to pay their total monthly debt.

Calculate the Total Debt Ratio

Total All Monthly Payments:	\$2,487.85	
Total Income:	\$9,161.00	
	$\frac{\$2,487.85}{\$9,161.00}$	= Total Debt Ratio
	27.16%	= Total Debt Ratio



Today's lending environment focuses more on borrowers' maximum total debt ratios than on maximum housing ratios. Lenders and investors typically set 45% as the maximum total debt ratio. However, an AUS may consider higher total DTI ratios.

Some lenders and investors may be sensitive to both ratios. Be sure to check your company and investor guidelines.

Loan-to-Value (LTV) Ratios

LTV ratios express the percentage of the purchase price or appraised value, whichever is less, that will be lent to the borrower.

LTV ratios also dictate the appropriate processing path to follow. For example, if a loan has an LTV greater than 80% (a down payment of less than 20%), investors often require mortgage insurance in order to meet their requirements.



For detailed information about mortgage insurance, see *The Fundamentals of the Mortgage Process Book 5: Understanding How Mortgage Insurance Works*, or go to mgic.com/training to sign up for a webinar.

9 LTV: This ratio compares the amount of the first mortgage with the property's appraised value or purchase price, whichever is less.

LTV Ratio Formula

$$\frac{\text{Original Loan Amount}}{\text{Lesser of Sales Price or Appraised Value}} = \text{LTV Ratio } 9$$

Locate the figures for Original Loan Amount on the 1008 in Section II, under Note Information; and for Lesser of Sales Price or Appraised Value in Section I.

Calculate the LTV Ratio

Sales Price:	\$200,000
Appraised Value:	\$201,000
Mortgage Amount:	\$180,000

Because the Sales Price is less than the Appraised Value, use the Sales Price in your calculation.

$$\frac{\$180,000}{\$200,000} = \text{LTV}$$

$$90\% = \text{LTV}$$

10 CLTV/TLTV: The combined LTV (CLTV) or total LTV (TLTV) ratios come in to play when borrowers are financing the subject property with a second mortgage and/or drawn balance of a home equity line of credit (HELOC). CLTV/TLTV compares the total of the first and second mortgages and/or drawn balance of a HELOC with the lesser of the appraised value or sales price.

CLTV/TLTV Ratio Formula

$$\frac{\text{First Mortgage} + \text{Second Mortgage}}{\text{Lesser of Sales Price or Appraised Value}} = \text{CLTV/TLTV Ratio } 10$$

Locate the values for the first and second mortgages' loan amounts on the 1008, Section II. For Lesser of Sales Price or Appraised Value, use the amount located in Section I.

Practice: Calculate a CLTV/TLTV Ratio

Sales Price:	\$200,000
Appraised Value:	\$201,000
First Mortgage Amount:	\$180,000
Second Mortgage Amount:	\$10,000

Because the Sales Price is less than the Appraised Value, use the Sales Price in your calculation.

$$\frac{\$180,000 + \$10,000}{\$200,000} = \text{CLTV/TLTV}$$

$$\frac{\$190,000}{\$200,000} = \text{CLTV/TLTV}$$

$$95\% = \text{CLTV/TLTV}$$

Section III. Underwriting Information (continued)

III. Underwriting Information			
Underwriter's Name	Appraiser's Name/License # John Appraiser / 123-000000	Appraisal Company Name Accurate Appraisal	
1 Stable Monthly Income		4 Proposed Monthly Payment for the Property	
Borrower 1	\$ 4,161.00	First Mortgage P&I	\$1,022.02
Borrower 2	\$ 5,000.00	Subordinate Lien (s) P&I	\$
Borrower 3	\$	Homeowner's Insurance	\$ 95.00
Borrower 4	\$	Supplemental Property Insurance	\$
Other Borrowers (5+)	\$	Property Taxes	\$ 208.33
Rental Income - subject property	\$	Mortgage Insurance	\$ 52.50
Net Rental Income - other properties	\$	Association/Project Dues (Condo, Co-Op, PUD)	\$
2 Total Borrower Income	\$ 9,161.00	Other	\$
3 <input type="checkbox"/> At least one borrower is self-employed		5 Total	\$ 1,377.85
Qualifying Ratios		6 All Other Monthly Payments Used in Qualifying	\$ 1,110.00
7 Primary Housing Expense/Income	15.04 %	Borrower Funds to Close	
8 Total Obligations/Income(DTI)	27.16 %	Required	\$ 20,389.78
		Verified Assets	\$ 78,079.00
12 Qualifying Rate		No. of Months Reserves	
<input checked="" type="checkbox"/> Rate Used for Qualifying	5.5000 %	Interested Party Contributions	%
<input type="checkbox"/> Initial Bought-Down Rate	%	Homeownership Education Certificate in File	
<input type="checkbox"/> Other	%	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
14 Risk Assessment			
<input type="checkbox"/> Manual Underwriting			
<input type="checkbox"/> AUS		Affordable Housing Initiative	
<input checked="" type="checkbox"/> DU <input type="checkbox"/> LPA <input type="checkbox"/> Other		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
AUS Recommendation	Approve/Eligible		
DU Case ID/LP AUS Key#	1234567899		
LPA Doc Class (Freddie)			
15 Representative Credit/Indicator Score	720		
16 Underwriter Comments			

11 HCLTV/HTLTV: If a Home Equity Line of Credit (HELOC) is used to finance the subject property, the Home Equity Combined or Home Equity Total LTV ratio is used. The HCLTV/HTLTV is determined by adding together the unpaid principal balance of the first mortgage; the total available line of any HELOC, regardless of the balance of funds drawn; and, if applicable, the principal balance of all other subordinate financing secured by the property; and then dividing that sum by the lesser of the property's sales price or appraised value.

HCLTV/HTLTV Ratio Formula

$$\frac{\text{First Mortgage + HELOC (+ any additional Subordinate Financing)}}{\text{Lesser of Sales Price or Appraised Value}} = \text{HCLTV/HTLTV Ratio } \mathbf{11}$$

Locate HELOC values on the 1008's Section II, under Lien Position, Amount of Subordinate Financing.

Practice: Calculate an HCLTV/HTLTV Ratio

Sales Price:	\$200,000
Appraised Value:	\$201,000
First Mortgage Amount:	\$180,000
HELOC Credit Limit:	\$10,000
Drawn Balance on HELOC:	\$2,000
Second Mortgage Amount:	\$4,000
<hr/>	
\$180,000 + \$10,000 + \$4,000	= HCLTV/HTLTV
\$200,000	
\$194,000	= HCLTV/HTLTV
\$200,000	
97%	= HCLTV/HTLTV



There is a direct correlation between the amount of the down payment that borrowers invest toward their purchase and the amount of risk associated with the loan. The greater their investment, the lower the LTV ratio and risk involved. Conversely, the smaller the investment, the higher the LTV ratio and risk.

- 12 **Qualifying Rate:** Check the applicable option and provide the interest rate used to qualify the borrowers for the mortgage.
 - **Rate Used for Qualifying:** For adjustable-rate mortgages (ARMs), the principal and interest (P & I) amount may be based on an interest rate higher than the initial note rate
 - **Initial Bought-Down Rate:** For buydown loans, the P & I is based on a rate lower than the note rate
 - **Other:** For loans where the fully indexed rate was used for qualifying the borrowers
- 13 **Level of Property Review:** Indicate the level of fieldwork performed to support the sales price or market value. Provide the form number of the appraisal document used, which is based on the type of inspection and the type of property being appraised.
- 14 **Risk Assessment:** Indicate whether the loan was manually underwritten or run through an AUS, such as DU or Loan Product Advisor (LPA).
- 15 **Representative Credit/Indicator Score:** Supply the borrowers' credit scores. See how to select the appropriate credit score in the example at right.
- 16 **Underwriter Comments:** Use this section to indicate conditions and/or write comments on the file. For example, you may comment about the liquid assets and reserves yet to be verified along with a note regarding compensating factors for exceeding a guideline.

Which Credit Score to Use

Example: 1 borrower / 2 scores

Credit Repository	Borrower's Credit Score
TransUnion	680
Equifax	674

If 2 scores are provided, the indicator score is the lower of the 2 scores — 674 in this case.

Example: 1 borrower / 3 scores

Credit Repository	Borrower's Credit Score
TransUnion	675
Equifax	685
Experian	666

If 3 scores are provided for 1 borrower, drop the highest and lowest scores (685 and 666). The remaining score is the indicator score — 675 in this example.

Example: 2 borrowers / 3 scores each

Credit Repository	Credit Score	
	Borrower A	Borrower B
TransUnion	676	662
Equifax	660	685
Experian	654	690

If 3 scores are provided for each borrower, drop the highest and lowest scores (676 and 654 for Borrower A; 690 and 662 for Borrower B).

Then compare the 2 remaining scores (660 for Borrower A; 685 for Borrower B). The lower of the 2 is the representative score — 660 in this example.

1008

Section IV. Seller and Contact Information

IV. Seller and Contact Information		
Seller Name _____	2 Contact Name _____	Contact Phone Number _____
Seller Address _____	Contact Title _____	
Seller No. _____	Investor Loan No. _____	
1 Seller Loan No. _____		

Freddie Mac Form 1077 12/18 Page 1 of 1 Fannie Mae Form 1008 12/18

This section of the 1008 includes information about the mortgage seller and the contact person for the mortgage. This information is usually completed after the closing of the loan and before the loan is sold on the secondary market.

- 1 **Seller Loan No:** This is a number assigned to a mortgage purchased or securitized by Fannie Mae or Freddie Mac.
- 2 **Contact Information:** Although an official field is not provided for the contact's email address, add it below the Contact Phone Number.

Thorough Processing Paves the Way for a Sound Underwriting Decision

So, you've finalized the 1008 and documented accordingly. It's your diligent groundwork that will expedite and ultimately support the decision whether to approve the borrowers' mortgage. How well they measure up against the risk characteristics of The 4 Cs will be discovered in the next stage of the Mortgage Cycle, Underwriting. There, we will evaluate the borrowers' Credit, Capacity, Capital and Collateral as a whole to come to a sound, informed decision.

Remember, as mortgage professionals, our shared goal is to qualify as many borrowers as possible without compromising the assets of the lender or the investor – and above all, without compromising the borrowers' ability to successfully maintain homeownership.

To broaden your understanding of underwriting, refer to our *Fundamentals of the Mortgage Process Book 4: Evaluating Credit, Capacity, Capital and Collateral*.

Appendix A

DU Summary of Findings Report

1 Summary of Findings

Casefile ID 1234567890	2 Recommendation Approve/Eligible
Borrower 1 Suzie Homebuyer	Submission Number 8
Lender Loan Number 987654321	Submission Date 4/12/2020 01:47PM
DU Version 10.3	First Submission Date 3/22/2020 3:07PM
	Submitted By X9abcdefg

Mortgage Information

LTV/CLTV/HCLTV 95.00% / 95.00% / 95.00%	Note Rate 4.250%
Housing Expense Ratio 36.62%	Loan Type Conventional
Debt-to-Income Ratio 42.25%	Loan Term 360
Total Loan Amount \$361,000.00	Amortization Type Fixed Rate
Sales Price \$380,000.00	Loan Purpose Purchase
Actual/Estimated Appraised Value \$390,000.00	Refi Purpose
Months Reserves 2	

Property Information

Property Address 3600 S. Pine Avenue, Greene, VA 99999	Number of Units 1
Property Type Planned Unit	Occupancy Status Primary Residence

3 Day 1 Certainty

Property Information

Appraisal Waiver	<input type="radio"/> Not Eligible
Appraisal Rep & Warrant	<input checked="" type="checkbox"/> Eligible

4 Risk / Eligibility

- The risk profile of this loan casefile appears to meet Fannie Mae's guidelines. (MSG ID 0008)
- This loan casefile appears to meet Fannie Mae's eligibility requirements. (MSG ID 0009)

The Summary of Findings contains the results of DU's pre-underwriting evaluation of data, including processing direction.

1 Summary of Findings: The opening section provides the risk recommendation/eligibility decision and details about the mortgage – key information that will guide your first processing steps.

2 Recommendation: There are 4 DU recommendations:

- **Approve/Eligible:** The loan meets DU's credit-risk standards and is eligible for sale to Fannie Mae
- **Approve/Ineligible:** The loan meets DU's credit-risk standards but is ineligible for sale to Fannie Mae. If ineligible, the Findings will provide an explanation; for example, excessive loan amount or LTV
- **Refer with Caution:** The loan is ineligible for delivery to Fannie Mae as a DU loan
- **Out of Scope:** DU is unable to analyze the loan

3 Day 1 Certainty: Indicates an offer to waive the appraisal and/or relief from the enforcement of representations and warranties on the value, condition and marketability of the property.

4 Risk/Eligibility: Look for messages about the loan's risk assessment and underwriting recommendation in this section. If the loan receives a Refer with Caution, Ineligible or Out of Scope recommendation, DU will identify its reasons.

5 Representations and Warranties:

This section provides messaging specific to representation and warranty relief.

6 Findings: You'll find loan-level messages identifying risk factors contributing to DU's recommendation in this section. For loans that receive an Approve, DU may identify certain strengths in the file that contributed to the underwriting recommendation.

7 Verification Messages/Approval Conditions: This section identifies the follow-up processing steps you must complete to comply with Fannie Mae's requirements for credit, mortgage insurance, liabilities, employment and income and asset verification, as well as the type of appraisal that must be completed. **Note:** The Day 1 flag indicates the loan may have gone through the DU validation service.

5 Representations and Warranties

5 The following message was issued by Collateral Underwriter: (MSG ID 3205)

MESSAGE ID	MESSAGE TEXT
FNMI101	Based on the CU results for the appraisal submitted under DocFileID 990999ABCD on 04/04/2020 10:40 AM this loan is eligible for the enforcement relief on representations and warranties.

6 Findings

6 The following risk factors represent strengths in the borrower's loan application: (MSG ID 1437)

CREDIT PROFILE

7 Verification Messages / Approval Conditions

7 This loan is subject to all lender specified conditions and must comply with all applicable federal, state, and local laws and regulations. (MSG ID 0278)

8 Based on the credit report obtained through DU, this loan casefile **must close on or before** 07/02/2020.

- All credit documents must be no more than four months old on the note date, and
- For guidelines on the age of the appraisal or property inspection report, refer to the Selling Guide. (MSG ID 0420)

9 If there is a home equity line of credit secured against the subject property:

- The maximum allowable HCLTV is 97 percent,
- Verify the terms of the home equity line of credit for compliance with the Selling Guide, and
- Calculate the HCLTV using the maximum credit limit of the equity line. (MSG ID 1802)

10 Loan Level Price Adjustments may be applied when this loan is delivered to Fannie Mae. Refer to the Selling Guide and Loan-level Price Adjustment (LLPA) Matrix on fanniemae.com for specific details. (MSG ID 2343)

11 Mortgage insurance is required.

- The lender may either obtain mortgage insurance coverage of at least 16% with an MI loan-level price adjustment or obtain mortgage insurance coverage of 25%. Refer to the Loan-level Price Adjustment Matrix on fanniemae.com.
- Verify the mortgage insurance premium is accurately reflected in the loan application. (MSG ID 2477)

12 At least one borrower signing the Note must use one of these options: 1) complete the Framework homeownership education course prior to the closing of the mortgage loan, 2) receive housing counseling prior to signing the sales contract from a HUD-approved agency as defined in the Selling Guide and certified by completion of Fannie Mae Form 1017, or 3) meet the alternative option for borrowers who have already completed a homeownership education course required by a Community Seconds or Down Payment Assistance Program and provided by a HUD-approved agency. Refer to the Selling Guide for details and other information. (MSG ID 2869)

13 The FIPS code provided on the loan application was 9999999999. Because this FIPS code was used to derive the census tract or county and associated area median income to determine HomeReady eligibility, the lender must document the subject property is located in the specified census tract or county. (MSG ID 2881)

DAY 1 14 This loan casefile may have gone through the DU validation service. Any vendor reports need to be retained in the loan file. The lender remains responsible for investigating any contradictory information in the loan file. (MSG ID 3003)

Employment and Income

15 Document Suzie Homebuyer's income using a paystub and a W-2 from the prior year, or using a standard Verification of Employment (1005). The paystub must:

Appendix A

DU Summary of Findings Report (continued)

8 Observations

25 This case was submitted to DU version 10.3 by ABC Home Mortgage, Inc. The following information is associated with this loan: Casefile ID is 1234567890 and Submission number is 8. If the loan is delivered to Fannie Mae, the Casefile ID must be provided at delivery. (MSG ID 0943)

26 The following list of special feature codes is provided to assist you in determining which codes may be associated with this loan. Other codes may be required. Refer to the Special Feature Codes list on fanniemae.com for a comprehensive list. (MSG ID 1387)

SPECIAL FEATURE CODE	DESCRIPTION
900	HomeReady
127	DU Loan

27 The following Credit Report is associated with this submission: (MSG ID 2113)

BORROWER NAME	CREDIT AGENCY	CREDIT REPORT ID	CREDIT REPORT DATE
Suzie Homebuyer	CREDIT PLUS	99999999	03/02/2020

28 The following credit scores are included in the credit report: (MSG ID 1132)

BORROWER	CREDIT SCORES
Suzie Homebuyer	738 748 763

29 The following sources of income were used in the underwriting analysis: (MSG ID 0153)

BORROWER	INCOME TYPE	AMOUNT
Suzie Homebuyer	Rental income	\$-148.00
Suzie Homebuyer	Base employment income	\$6,333.42

30 The following assets were counted towards available funds. With the exception of cash on hand, all available funds greater than the amount required to close have been added to cash reserves. (MSG ID 0059)

BORROWER	ASSET TYPE	INSTITUTION NAME	AMOUNT
Suzie Homebuyer		Dollars and Cents	
Suzie Homebuyer		Dollars and Cents	
Suzie Homebuyer		Dollars and Cents	

8 **Observations:** This section highlights factors DU considered in its underwriting analysis, including the version of DU that was used to analyze the loan, the Case File ID number, the number of times the loan has been submitted to DU, credit scores, source of income and funds available toward the down payment.

9 Underwriting Analysis Report

Recommendation	Approve/Eligible	Casefile ID	1234567890
Borrower 1	Suzie Homebuyer	Submitted By	X9abcdefg
Lender Loan Number	987654321		
Submission Date	04/12/2020 01:47PM		

Property Information

Property Address	3600 S. Pine Avenue, Greene, VA 99999	Number of Units	1
Property Type	Planned Unit	Occupancy Status	Primary Residence

Mortgage Information

Loan Type	Conventional	Loan Amount	\$361,000.00
Amortization Type	Fixed Rate	Financed MI Amount	\$0.00
Balloon	No	Total Loan Amount	\$361,000.00
Community Lending	Yes	Sales Price	\$380,000.00
Payment Frequency	Monthly	Actual/Estimated Appraised Value	\$390,000.00
Lien Type	First Mortgage	P&I	\$1,775.90
Amt. Subordinate Fin.	\$0.00	Note Rate	4.250%
Loan Purpose	Purchase	Qualifying rate	4.250%
Refi Purpose		Bought Down rate	0.000%
Owner Existing Mtg		Term (Months)	360
Buy Down	No		
LTV/CLTV/HCLTV	95.00% / 95.00% / 95.00%		

Income

Base	\$6,333.42	Commission	\$0.00
Bonus	\$0.00	Over Time	\$0.00
Other	\$0.00	Positive Net Rental	\$0.00
Subj. Pos. Cash Flow	\$0.00	Total	\$6,333.42

Qualification Ratios

Housing Expense	36.62%	Debt-to-Income	42.25%
------------------------	--------	-----------------------	--------

9 **Underwriting Analysis Report:** The information in this Findings section resembles the 1008 and contains information that summarizes the underwriting analysis.

Appendix B

Loan Product Advisor Feedback Certificate

1 Assessment Summary

BORROWER NAME John Freddie	NUMBER OF SUBMISSIONS 1	LP KEY NUMBER A1540786
2 Assessment Summary PURCHASE ELIGIBILITY ELIGIBLE	3 RISK CLASS ACCEPT	4 Representation & Warranty Relief COLLATERAL R&W* RELIEF NOT ELIGIBLE
		N/A
	5 INCOME R&W* RELIEF NOT ELIGIBLE	6 ASSET R&W* RELIEF NOT ELIGIBLE

7 Loan Details

BORROWER NAME John Freddie 990-10-0001	ADDITIONAL BORROWER Mary Freddie 990-20-0002	APPRAISAL IDENTIFIER 1100AA1111	LENDER LOAN NUMBER 1122334455	MORTGAGE TYPE Conventional
PROPERTY ADDRESS 1234 S MAIN ST, WINSTON SALEM, NC 27101		8 DOCUMENTATION LEVEL Streamlined Accept		

The Feedback Certificate contains the results of Loan Product Advisor's pre-underwriting evaluation of data, including processing direction.

- 1 Assessment Summary:** The opening section of the Feedback Certificate provides the number of submissions, LP Key Number, Purchase Eligibility, Risk Class evaluation and Representation and Warranty Relief eligibility for the loan.
- 2 Purchase Eligibility:** This section identifies whether and under what conditions Freddie Mac will purchase the loan.
 - Eligible:** The loan is eligible for purchase under standard Freddie Mac Seller/Service Guide criteria
 - Ineligible:** The loan does not meet program requirements. A message explaining the ineligible results is found in the Purchase Restrictions section of the Feedback Certificate

3 Risk Class: The Risk Class identifies whether the loan meets Freddie Mac's credit standards and the level of review required. Loan Product Advisor considers a combination of risk factors, including LTV, qualifying ratios, assets, credit history, employment, property type and loan purpose.

- **Accept:** Loan Product Advisor has determined the borrower's credit worthiness is acceptable
- **Caution:** Loan Product Advisor has determined that the borrower has a blemished credit reputation and/or the loan has significant layering of risk
 - If the Caution provides an A-minus offering, and the loan complies with specific underwriting criteria, it may be eligible for sale as an A-minus mortgage. However, if A-minus is not offered or if the loan doesn't comply with the specific A-minus underwriting criteria, the lender must conduct a full underwrite to determine whether the loan is an acceptable risk

4 Collateral Representation and Warranty Relief: This field identifies whether the loan is Eligible or Not Eligible for Collateral Representation and Warranty Relief. It provides assurance in the form of lender relief from representation and warranties related to property value.

5 Income Representation and Warranty

Relief: This field identifies whether the loan is Eligible, Not Eligible or Unavailable for Income Representation and Warranty Relief. It provides assurance in the form of lender relief from representation and warranties related to qualifying income.

6 Asset Representation and Warranty Relief:

This field identifies whether the loan is Eligible, Not Eligible or Unavailable for Asset Representation and Warranty Relief. It provides assurance in the form of lender relief from representation and warranties related to sufficient, verified assets.

7 Loan Details: This section of the Feedback Certificate identifies the borrowers, property address and level of documentation results.

8 Documentation Level: Loan Product Advisor defines the minimum level of documentation you will need to obtain to sell the loan to Freddie Mac, which generally corresponds to the Risk Class:

- **Streamlined Accept** denotes that Freddie Mac requires significantly less documentation than a standard documentation mortgage
- **Standard** indicates Freddie Mac requires the most comprehensive level of documentation

Appendix B

Loan Product Advisor Feedback Certificate (continued)

9 Loan-to-Value Ratios

LTV: 91.11% TLTV: 91.11% HLTV: 91.55%

10 Qualifying Ratios

PROPOSED HOUSING (PITI) \$1,405.00 PRESENT HOUSING EXPENSE \$1,220.00 TOTAL MONTHLY INCOME \$6,100.00 TOTAL MONTHLY DEBT \$2,356.00 MAX MORTGAGE LIMIT N/A

HOUSING RATIO: 23% DEBT RATIO: 39% OCCUPANT HOUSING RATIO: 23% OCCUPANT DEBT RATIO: 39%

11 Credit Report Information

SELECTED BORROWER	SELECTED REPOSITORY	INDICATOR SCORE	CREDIT REORDERED	CREDIT REASSESSED
MARY FREDDIE	Experian	771		
BORROWER	REPOSITORY AND CREDIT SCORE			CREDIT REFERENCE
John Freddie	Experian	785	Equifax	300473075890000
	TransUnion	779	Equifax	
Mary Freddie	Experian	771	Equifax	300473075890000
	TransUnion	768	Equifax	

- 9 Loan-to-Value Ratios:** This section of the certificate provides the LTV ratios.
- 10 Qualifying Ratios:** This section displays the information Loan Product Advisor used to determine the qualifying housing and debt ratios.
- 11 Credit Report Information:** Locate the borrowers' Underwriting Score and the credit agency that provided it here. If 2 credit scores are provided, the Underwriting Score is the lowest; if 3 scores, it's the middle one. The Indicator Score is typically the lowest Underwriting Score for each borrower. If there is only 1 borrower, the Underwriting Score is the Indicator Score.

12 Mortgage Details

PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed	AMORTIZATION MONTHS 360	LOAN AMOUNT \$205,000.00	INTEREST RATE 4.5000%
LOAN PURPOSE Purchase	PURCHASE PRICE \$225,000.00	ESTIMATED PROPERTY VALUE \$225,000.00	APPRAISED PROPERTY VALUE \$225,000.00	NUMBER OF UNITS 1
PROPERTY TYPE Site Built	OCCUPANCY Primary Residence	REFINANCE TYPE N/A	CASHOUT AMOUNT N/A	NEW CONSTRUCTION N/A
OFFERING IDENTIFIER N/A	INTEREST RATE BUYDOWN No	SALES CONCESSIONS N/A	ARM QUALIFYING RATE N/A	ARM QUALIFYING PITI N/A
AFFORDABLE SECOND N/A	SECONDARY FINANCING \$0.00	HELOC BALANCE \$0.00	HELOC LIMIT AMOUNT \$1,000.00	LENDER SUBMITTED RESERVES \$26,000.00

13 Asset Details

TOTAL ELIGIBLE ASSET \$55,000.00	TOTAL FUNDS TO BE VERIFIED \$34,940.00	THIRD PARTY ASSET VALIDATION N/A
-------------------------------------	---	-------------------------------------

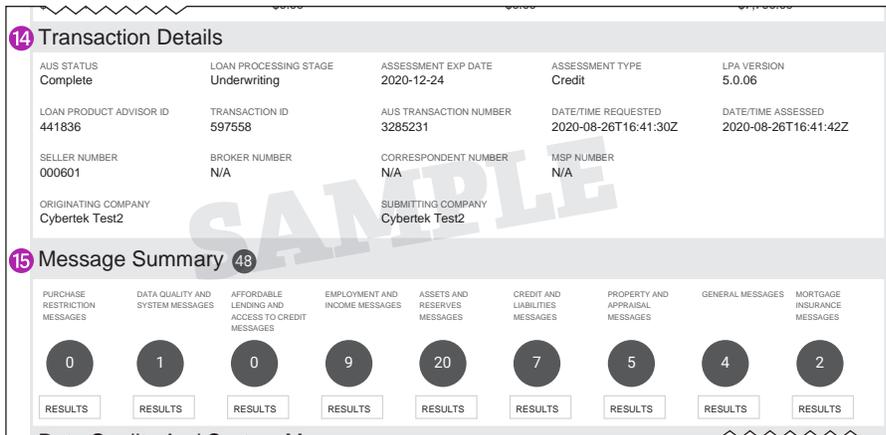
REQUIRED BORROWER FUNDS \$27,150.00	+	REQUIRED RESERVES \$0.00	+	PAID DOWN DEBTS \$0.00	+	PAID OFF DEBTS \$7,790.00
--	---	-----------------------------	---	---------------------------	---	------------------------------

12 Mortgage Details: This section of the Feedback Certificate provides a summary of the loan data – similar to the information on the 1008 – used in the underwriting analysis.

13 Asset Details: This section reports eligible assets and assets the borrowers need to close the loan.

Appendix B

Loan Product Advisor Feedback Certificate (continued)



- 14 Transaction Details:** This section includes AUS status and the assessment expiration date.
- 15 Message Summary:** The top portion of the summary provides a snapshot of the number of messages contained in the Feedback report. In the sample, for example, there are 9 Employment and Income Messages and 20 Assets and Reserves Messages. The messages are based on Loan Product Advisor’s risk assessment of the loan and provide processing direction and documentation requirements. See the following page for the various message categories.

Data Quality And System Messages

CODE	MESSAGE
DQE0332	Each label for the EMPLOYER must have a corresponding RELATIONSHIP to the EMPLOYER.

Employment And Income Messages

CODE	MESSAGE
FEI0012	Unable to retrieve an income report for John Freddie with Equifax. (Internal error)
FEI0012	Unable to retrieve an income report for Mary Freddie with Equifax. (Internal error)
FEI0029	Based on Loan Product Advisor's overall assessment, the loan is not eligible for relief may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
FEI0034	Signed IRS Form 4506-T: Any borrower, whose income is used to qualify, is required to provide a copy of the form to the lender.
FEI0102	A 10-day pre-closing verification (10-day PCV) for John Freddie is required for 10-day PCV must be dated no more than 10 Business Days prior to the Note Disbursement Date.
FEI0102	A 10-day pre-closing verification (10-day PCV) for Mary Freddie is required for 10-day PCV must be dated no more than 10 Business Days prior to the Note Disbursement Date.
FEI0069	Employment/base income for John Freddie for base non-fluctuating earnings or fluctuating hourly earnings must be supported by a YTD paystub documenting all YTD earnings and W-2(s) for the most recent calendar year and earnings for the most recent calendar year.
FEI0069	Employment/base income for Mary Freddie for base non-fluctuating earnings or fluctuating hourly earnings must be supported by a YTD paystub documenting all YTD earnings and W-2(s) for the most recent calendar year and earnings for the most recent calendar year.
FEI0081	If income from a second or additional job for Mary Freddie is used to qualify, a W-2 for the most recent two calendar years OR a written VOE documenting a second or additional job for the most recent two calendar years.

Credit And Liabilities Messages

CODE	MESSAGE
FCL0329	One or more properties were submitted with a property disposition of Pending Sale on the Schedule of REO and the associated payments were omitted from the debt-to-income (DTI) ratio. Include evidence to support omission in the mortgage file. Otherwise, resubmit the loan to Loan Product Advisor under the appropriate property disposition (e.g. Rental, Retained) to ensure the associated payments are included in the DTI ratio.
FCL0327	The following debt(s) was omitted from the debt-to-income (DTI) ratio: JobRelatedExpenses, Bal: \$, Pymt: \$125.00.
FCL0325	The following debt(s) was omitted from the debt-to-income (DTI) ratio due to 10 months or fewer payments remaining. Confirm the number of months remaining, and if the payment will continue for more than 10 months, resubmit the loan to Loan Product Advisor: Installment, Bal: \$1,100.00, Pymt: \$120.00, Rem mos: 9.
FCL0257	The following debt(s) was submitted as paid off and/or excluded and is therefore omitted from the debt-to-income (DTI) ratio; include evidence to support omission in the mortgage file. Creditor: Universal Visa, Acct: ***5792, Bal: \$125.00; Creditor: Uncle Sam, Acct: ***9991, Bal: \$1,330.00; Creditor: AMEX, Acct: ***4482, Bal: \$1,527.00; Creditor: GMAC, Acct: ***3168, Bal: \$4,808.00; Creditor: Sallie Mae, Acct: ***8741, Bal: \$5,000.00; Creditor: ABC Lending, Acct: ***1421, Bal: \$300,000.00.
FCL0003	The Credit Scores for JOHN FREDDIE are TRW (Experian) 785, Equifax 760, Trans Union 779. The Underwriting Score is Trans Union 779.
FCL0004	The Credit Scores for MARY FREDDIE are TRW (Experian) 771, Equifax 783, Trans Union 768. The Underwriting Score is TRW (Experian) 771.
FCL0259	771 is the Loan Product Advisor Indicator Score from TRW (Experian) for MARY FREDDIE.

Property And Appraisal Messages

CODE	MESSAGE
FPA0014	Loan is not eligible for collateral representation and warranty relief based on the overall assessment of loan and collateral risk, including appraisal quality, collateral quality and loan characteristics.
FPA0038	A Document File ID from UCDP that matches the Appraisal Identifier could not be found. Please verify the Appraisal Identifier and address match the appraisal submission.
FPA0072	510,400.00 is the maximum loan limit allowed for a 1-unit property located in FORSYTH County, NC.
FPA0057	Address entered matched to: 1234 S MAIN ST, WINSTON SALEM NC 27101, Forsyth County. Please confirm accuracy.
FPA0035	Uniform Residential Appraisal Report (Form 70) is required.

Assets And Reserves Messages

CODE	MESSAGE
FAR0050	Based on Loan Product Advisor's overall assessment, the loan is not eligible for asset representation and warranty relief; however, it may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
FAR0121	The total funds to be verified are no less than \$34,940.00. This amount includes reserves (\$0.00), any debts to be paid off at or before closing (\$7,790.00) and other funds (\$27,150.00).
FAR0013	The following asset(s) total \$55,000.00 and are eligible sources of funds: Cash: \$5,200.00; Checking: \$5,200.00; Bond: \$4,200.00; Proceeds from Sale: \$1,223.00; Checking: \$1,000.00; Mutual Fund: \$1,000.00; Savings: \$500.00.
FAR0045	The following asset(s) total \$1,255.00 and are ineligible sources of funds: Cash: \$5,200.00; Checking: \$5,200.00; Bond: \$4,200.00; Proceeds from Sale: \$1,223.00; Checking: \$1,000.00; Mutual Fund: \$1,000.00; Savings: \$500.00.
FAR0124	Required Borrower Funds are calculated as \$27,150.00 based on information provided in the Closing Disclosure Statement or an alternative form required by law verifying the proceeds from the sale or refinance of the borrower's real property and/or an executed buy-out agreement that is part of an employer relocation plan.
FAR0009	If a property on the Schedule of Real Estate Owned is pending sale or sold, the Seller must document that the Borrower has sufficient funds to pay the closing costs in addition to the amount of total funds to be verified.
FAR0066	If other assets are used to qualify the borrower, verify that the funds are from an eligible source and obtain documentation according to the Guide Section 5501.3.
FAR0011	The Seller must verify sufficient assets from eligible sources of funds required to pay the closing costs in addition to the amount of total funds to be verified.
FAR0043	Lender credit may only be used towards the Borrower's Closing Costs. In the event the credit is used, the amount exceeding the Closing Costs must be paid by the Borrower.
FAR0082	No reserves are required.
FAR0091	Owner-Occupied or Second Home Property: Financing concessions cannot be used to qualify the borrower.
FAR0036	This loan was submitted with \$41,975.00 in depository accounts (checking, savings, money market, etc.)
FAR0081	Document the source of funds for any single deposit that exceeds \$3,050.00 and reduce the asset amount by the unverified deposit and resubmit.
FAR0107	Depository accounts: For each account (checking, savings, money market, etc.) borrower, obtain an account statement covering a 1-month period or a direct account verification. If the borrower does not receive a statement, provide evidence the security is owned by the borrower and verify value using current stock prices from a financial publication or website.
FAR0176	Stocks, bonds, and mutual funds: For each account used to qualify the borrower, obtain an account statement covering a 1-month period or direct account verification. If the borrower does not receive a statement, provide evidence the security is owned by the borrower and verify value using current stock prices from a financial publication or website.
FAR0038	This loan was submitted with \$5,200.00 in stocks and/or bonds.
FAR0067	If the following assets are used to qualify the borrower and are needed for closing, include evidence of liquidation unless the combined value of the assets is at least 20% greater than the amount from these assets needed for closing. When cash value of a life insurance policy is needed for closing, evidence of liquidation is required. MutualFund, Amt: \$1,000.00, Holder: ANP; Bond, Amt: \$4,200.00, Holder: James Bank.
FAR0106	If proceeds from the sale or refinance of the borrower's real property (including proceeds from a 1031 exchange or a bridge loan) are used to qualify, provide the Settlement/Closing Disclosure Statement or an alternative form required by law verifying the proceeds from the sale or refinance of the borrower's real property and/or an executed buy-out agreement that is part of an employer relocation plan.
FAR0040	This loan was submitted with net proceeds of \$1,250.00 from the sale of a home.
FAR0071	Funds from a trust: Obtain trust agreement or a signed statement on letterhead from trustee or trust manager identifying borrower as beneficiary, confirms borrower has access to all or a specific amount of funds and trust has sufficient assets to disburse funds needed by borrower as of the date of the loan closing. If trust funds are needed for closing, evidence of receipt of disbursed funds. Borrower's portion of undistributed trust funds may be used as reserves only.

General Messages

CODE	MESSAGE
FGM0137	Loan Product Advisor feedback messages were not updated to align with the temporary COVID-19 requirements currently in place. Please reference Single-Family Seller/Service Guide Bulletins and FAQs related to COVID-19. Sellers must comply with COVID-19 requirements regardless of any conflicting Loan Product Advisor feedback messages.
FGM0048	Assessment Expiration Date for this loan is 12/24/2020.
FGM0020	Loan Product Advisor Assessment Expiration Date for JOHN FREDDIE is 12/24/2020.
FGM0021	Loan Product Advisor Assessment Expiration Date for MARY FREDDIE is 12/24/2020.

Mortgage Insurance Messages

CODE	MESSAGE
FMI0032	This loan is eligible for 16% Custom MI coverage.
FMI0016	This loan requires 30% Standard MI coverage.

* Representation and Warranty

©2020 Freddie Mac

Appendix C

The Loan App: URLA Section 1

To be completed by the **Lender:**

Lender Loan No./Universal Loan Identifier 12345

Agency Case No. _____

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix)

Peter Simon

Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)

Social Security Number XXX - XX - 2030
(or Individual Taxpayer Identification Number)

Date of Birth

(mm/dd/yyyy)
03 / 06 / 1970

Citizenship

- U.S. Citizen
 Permanent Resident Alien
 Non-Permanent Resident Alien

Type of Credit

- I am applying for **individual credit**.
 I am applying for **joint credit**. Total Number of Borrowers: 2
Each Borrower intends to apply for joint credit. **Your initials:** ps

List Name(s) of Other Borrower(s) Applying for this Loan

(First, Middle, Last, Suffix) – Use a separator between names
Elizabeth Simon

Marital Status

- Married
 Separated
 Unmarried

(Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)

Dependents (not listed by another Borrower)

Number 1
Ages 12

Contact Information

Home Phone (713) 438 - XXXX
Cell Phone (713) 321 - XXXX
Work Phone (713) 497 - XXXX **Ext.** _____
Email p-simon@email.com

Current Address

Street 12 Oakwood Lane Unit # _____
City Pleasant Valley State XY ZIP 99999 Country USA
How Long at Current Address? 4 Years 0 Months **Housing** No primary housing expense Own Rent (\$ _____ /month)

If at Current Address for LESS than 2 years, list Former Address Does not apply

Street _____ Unit # _____
City _____ State _____ ZIP _____ Country _____
How Long at Former Address? _____ Years _____ Months **Housing** No primary housing expense Own Rent (\$ _____ /month)

Mailing Address – if different from Current Address Does not apply

Street _____ Unit # _____
City _____ State _____ ZIP _____ Country _____

1b. Current Employment/Self-Employment and Income

Does not apply

Employer or Business Name Franklin Elementary School Phone (713) 497 - XXXX
Street 17 Barker Rd Unit # _____
City Pleasant Valley State XY ZIP 99999 Country USA

Position or Title Music Teacher

Start Date 09 / 01 / 2010 (mm/dd/yyyy)

How long in this line of work? 20 Years 0 Months

Check if this statement applies:

- I am employed by a family member, property seller, real estate agent, or other party to the transaction.

- Check if you are the Business Owner or Self-Employed** I have an ownership share of less than 25%. **Monthly Income (or Loss)** \$ _____
 I have an ownership share of 25% or more. \$ _____

Gross Monthly Income

Base \$ 3,708.00 /month
Overtime \$ _____ /month
Bonus \$ _____ /month
Commission \$ _____ /month
Military Entitlements \$ _____ /month
Other \$ _____ /month
TOTAL \$ 3,708.00 /month

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income

Does not apply

Employer or Business Name Learning Center of America Phone (713) 483 - XXXX
 Street 273 River Road Unit #
 City Pleasant Valley State XY ZIP 99999 Country USA

Position or Title Teacher
Start Date 03 / 21 / 2013 (mm/dd/yyyy)
 How long in this line of work? 20 Years 0 Months

Check if this statement applies:
 I am employed by a family member, property seller, real estate agent, or other party to the transaction.

Check if you are the Business Owner or Self-Employed I have an ownership share of less than 25%. **Monthly Income (or Loss)**
 I have an ownership share of 25% or more. \$

Gross Monthly Income
 Base \$ 453.00 /month
 Overtime \$ /month
 Bonus \$ /month
 Commission \$ /month
 Military Entitlements \$ /month
 Other \$ /month
TOTAL \$ 453.00 /month

1d. IF APPLICABLE, Complete Information for Previous Employment/Self-Employment and Income

Does not apply

Provide at least 2 years of current and previous employment and income.

Employer or Business Name
 Street Unit #
 City State ZIP Country

Previous Gross Monthly Income \$ /month

Position or Title
Start Date / / (mm/dd/yyyy)
End Date / / (mm/dd/yyyy)

Check if you were the Business Owner or Self-Employed

1e. Income from Other Sources

Does not apply

Include income from other sources below. Under Income Source, choose from the sources listed here:

- Alimony
- Child Support
- Interest and Dividends
- Notes Receivable
- Royalty Payments
- Unemployment Benefits
- Automobile Allowance
- Disability
- Mortgage Credit Certificate
- Public Assistance
- Separate Maintenance
- VA Compensation
- Boarder Income
- Foster Care
- Mortgage Differential
- Retirement
- Social Security
- Other
- Capital Gains
- Housing or Parsonage Payments
- (e.g., Pension, IRA)
- Trust

NOTE: Reveal alimony, child support, separate maintenance, or other income ONLY if you want it considered in determining your qualification for this loan.

Income Source – use list above	Monthly Income
	\$
	\$
	\$
Provide TOTAL Amount Here	\$ 0.00

Borrower Name: Peter Simon
 Uniform Residential Loan Application
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Effective 1/2021

Appendix C

The Loan App: URLA Section 2

Section 2: Financial Information — Assets and Liabilities. This section asks about things you own that are worth money and that you want considered to qualify for this loan. It then asks about your liabilities (or debts) that you pay each month, such as credit cards, alimony, or other expenses.

2a. Assets – Bank Accounts, Retirement, and Other Accounts You Have

Include all accounts below. Under Account Type, choose from the types listed here:

- Checking
- Savings
- Money Market
- Certificate of Deposit
- Mutual Fund
- Stocks
- Stock Options
- Bonds
- Retirement (e.g., 401k, IRA)
- Bridge Loan Proceeds
- Individual Development Account
- Trust Account
- Cash Value of Life Insurance (used for the transaction)

Account Type – use list above	Financial Institution	Account Number	Cash or Market Value
Savings	Teachers Credit Union	06083-00	\$ 5,562.00
Checking	Teachers Credit Union	06083-71	\$ 1,367.00
Retirement	Vanguard	4114-556	\$ 50,000.00
			\$
			\$
Provide TOTAL Amount Here			\$ 56,929.00

2b. Other Assets and Credits You Have Does not apply

Include all other assets and credits below. Under Asset or Credit Type, choose from the types listed here:

- | | |
|---|---|
| <p><i>Assets</i></p> <ul style="list-style-type: none"> • Proceeds from Real Estate Property to be sold on or before closing • Proceeds from Sale of Non-Real Estate Asset • Secured Borrowed Funds • Unsecured Borrowed Funds • Other | <p><i>Credits</i></p> <ul style="list-style-type: none"> • Earnest Money • Employer Assistance • Lot Equity • Relocation Funds • Rent Credit • Sweat Equity • Trade Equity |
|---|---|

Asset or Credit Type – use list above	Cash or Market Value
Proceeds from Real Estate Property to be sold on or before closing	\$ 18,150.00
Earnest Money	\$ 3,000.00
	\$
	\$
Provide TOTAL Amount Here	
	\$ 21,150.00

2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe Does not apply

List all liabilities below (except real estate) and include deferred payments. Under Account Type, choose from the types listed here:

- Revolving (e.g., credit cards)
- Installment (e.g., car, student, personal loans)
- Open 30-Day (balance paid monthly)
- Lease (not real estate)
- Other

Account Type – use list above	Company Name	Account Number	Unpaid Balance	To be paid off at or before closing	Monthly Payment
Installment	Auto World	124578	\$ 10,000.00	<input type="checkbox"/>	\$ 500.00
Installment	Auto World	986532	\$ 4,789.00	<input type="checkbox"/>	\$ 368.00
Installment	Higher Education	1348AP9527	\$ 15,751.00	<input type="checkbox"/>	\$ 160.00
Revolving	Acme Credit	60190024554	\$ 121.00	<input type="checkbox"/>	\$ 32.00
Revolving	Discover Card	97531246890	\$ 1,000.00	<input type="checkbox"/>	\$ 50.00

2d. Other Liabilities and Expenses Does not apply

Include all other liabilities and expenses below. Choose from the types listed here:

- Alimony
- Child Support
- Separate Maintenance
- Job Related Expenses
- Other

Monthly Payment
\$
\$
\$

Borrower Name: Peter Simon
 Uniform Residential Loan Application
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Effective 1/2021

URLA Section 3

Section 3: Financial Information — Real Estate. This section asks you to list all properties you currently own and what you owe on them. *I do not own any real estate*

3a. Property You Own If you are refinancing, list the property you are refinancing FIRST.

Address Street 12 Oakwood Lane Unit # _____
 City Pleasant Valley State XY ZIP99999 Country USA

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$ 150,000.00	Pending Sale	Primary Residence	\$ 0.00	\$ 0.00	\$

Mortgage Loans on this Property *Does not apply*

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
American Mtg Corp	4789	\$ 931.00	\$ 116,850.00 <input checked="" type="checkbox"/>	Conventional	\$
		\$	\$ <input type="checkbox"/>		\$

3b. IF APPLICABLE, Complete Information for Additional Property *Does not apply*

Address Street _____ Unit # _____
 City _____ State _____ ZIP _____ Country _____

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property *Does not apply*

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$ <input type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

3c. IF APPLICABLE, Complete Information for Additional Property *Does not apply*

Address Street _____ Unit # _____
 City _____ State _____ ZIP _____ Country _____

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property *Does not apply*

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$ <input type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

Borrower Name: Peter Simon
 Uniform Residential Loan Application
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Effective 1/2021

Appendix C

The Loan App: URLA Section 4

Section 4: Loan and Property Information. This section asks about the loan's purpose and the property you want to purchase or refinance.

4a. Loan and Property Information

Loan Amount \$ 180,000.00 **Loan Purpose** Purchase Refinance Other (specify) _____

Property Address Street 126 Lake View Lane Unit # _____
 City Pleasant Valley State XY ZIP 99999 Country USA

Number of Units 1 **Property Value** \$ 200,000.00

Occupancy Primary Residence Second Home Investment Property **FHA Secondary Residence**

1. Mixed-Use Property. If you will occupy the property, will you set aside space within the property to operate your own business? (e.g., daycare facility, medical office, beauty/barber shop) NO YES

2. Manufactured Home. Is the property a manufactured home? (e.g., a factory built dwelling built on a permanent chassis) NO YES

4b. Other New Mortgage Loans on the Property You are Buying or Refinancing Does not apply

Creditor Name	Lien Type	Monthly Payment	Loan Amount/ Amount to be Drawn	Credit Limit (if applicable)
	<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$	\$	\$
	<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$	\$	\$

4c. Rental Income on the Property You Want to Purchase Does not apply

Complete if the property is a 2-4 Unit Primary Residence or an Investment Property	Amount
Expected Monthly Rental Income	\$
For LENDER to calculate: Expected Net Monthly Rental Income	\$

4d. Gifts or Grants You Have Been Given or Will Receive for this Loan Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

- Community Nonprofit • Federal Agency • Relative • State Agency • Lender
- Employer • Local Agency • Religious Nonprofit • Unmarried Partner • Other

Asset Type: Cash Gift, Gift of Equity, Grant	Deposited/Not Deposited	Source – use list above	Cash or Market Value
	<input type="radio"/> Deposited <input type="radio"/> Not Deposited		\$
	<input type="radio"/> Deposited <input type="radio"/> Not Deposited		\$

Borrower Name: Peter Simon
 Uniform Residential Loan Application
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Effective 1/2021

URLA Section 5

Section 5: Declarations. This section asks you specific questions about the property, your funding, and your past financial history.

5a. About this Property and Your Money for this Loan

<p>A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?</p>	<p><input type="radio"/> NO <input checked="" type="radio"/> YES <input type="radio"/> NO <input checked="" type="radio"/> YES PR _____ SP _____</p>
<p>B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES \$ _____</p>
<p>D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES <input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>

5b. About Your Finances

<p>F. Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>G. Are there any outstanding judgments against you?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>H. Are you currently delinquent or in default on a Federal debt?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>I. Are you a party to a lawsuit in which you potentially have any personal financial liability?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>K. Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>L. Have you had property foreclosed upon in the last 7 years?</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>
<p>M. Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13</p>	<p><input checked="" type="radio"/> NO <input type="radio"/> YES</p>

Borrower Name: Peter Simon
 Uniform Residential Loan Application
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Effective 1/2021

Appendix C

The Loan App: URLA Section 6

Section 6: Acknowledgments and Agreements. This section tells you about your legal obligations when you sign this application.

Acknowledgments and Agreements

Definitions:

- "Lender" includes the Lender's agents, service providers, and any of their successors and assigns.
- "Other Loan Participants" includes (i) any actual or potential owners of a loan resulting from this application (the "Loan"), (ii) acquirers of any beneficial or other interest in the Loan, (iii) any mortgage insurer, (iv) any guarantor, (v) any servicer of the Loan, and (vi) any of these parties' service providers, successors or assigns.

I agree to, acknowledge, and represent the following:

(1) The Complete Information for this Application

- The information I have provided in this application is true, accurate, and complete as of the date I signed this application.
- If the information I submitted changes or I have new information before closing of the Loan, I must change and supplement this application, including providing any updated/supplemented real estate sales contract.
- For purchase transactions: The terms and conditions of any real estate sales contract signed by me in connection with this application are true, accurate, and complete to the best of my knowledge and belief. I have not entered into any other agreement, written or oral, in connection with this real estate transaction.
- The Lender and Other Loan Participants may rely on the information contained in the application before and after closing of the Loan.
- Any intentional or negligent misrepresentation of information may result in the imposition of:
 - (a) civil liability on me, including monetary damages, if a person suffers any loss because the person relied on any misrepresentation that I have made on this application, and/or
 - (b) criminal penalties on me including, but not limited to, fine or imprisonment or both under the provisions of Federal law (18 U.S.C. §§ 1001 *et seq.*).

(2) The Property's Security

The Loan I have applied for in this application will be secured by a mortgage or deed of trust which provides the Lender a security interest in the property described in this application.

(3) The Property's Appraisal, Value, and Condition

- Any appraisal or value of the property obtained by the Lender is for use by the Lender and Other Loan Participants.
- The Lender and Other Loan Participants have not made any representation or warranty, express or implied, to me about the property, its condition, or its value.

(4) Electronic Records and Signatures

- The Lender and Other Loan Participants may keep any paper record and/or electronic record of this application, whether or not the Loan is approved.

- If this application is created as (or converted into) an "electronic application", I consent to the use of "electronic records" and "electronic signatures" as the terms are defined in and governed by applicable Federal and/or state electronic transactions laws.
- I intend to sign and have signed this application either using my:
 - (a) electronic signature; or
 - (b) a written signature and agree that if a paper version of this application is converted into an electronic application, the application will be an electronic record, and the representation of my written signature on this application will be my binding electronic signature.
- I agree that the application, if delivered or transmitted to the Lender or Other Loan Participants as an electronic record with my electronic signature, will be as effective and enforceable as a paper application signed by me in writing.

(5) Delinquency

- The Lender and Other Loan Participants may report information about my account to credit bureaus. Late payments, missed payments, or other defaults on my account may be reflected in my credit report and will likely affect my credit score.
- If I have trouble making my payments I understand that I may contact a HUD-approved housing counseling organization for advice about actions I can take to meet my mortgage obligations.

(6) Authorization for Use and Sharing of Information

By signing below, in addition to the representations and agreements made above, I expressly authorize the Lender and Other Loan Participants to obtain, use, and share with each other (i) the loan application and related loan information and documentation, (ii) a consumer credit report on me, and (iii) my tax return information, as necessary to perform the actions listed below, for so long as they have an interest in my loan or its servicing:

- (a) process and underwrite my loan;
- (b) verify any data contained in my consumer credit report, my loan application and other information supporting my loan application;
- (c) inform credit and investment decisions by the Lender and Other Loan Participants;
- (d) perform audit, quality control, and legal compliance analysis and reviews;
- (e) perform analysis and modeling for risk assessments;
- (f) monitor the account for this loan for potential delinquencies and determine any assistance that may be available to me; and
- (g) other actions permissible under applicable law.

Borrower Signature _____ Date (mm/dd/yyyy) ____/____/____

Additional Borrower Signature _____ Date (mm/dd/yyyy) ____/____/____

Borrower Name: Peter Simon
Uniform Residential Loan Application
Freddie Mac Form 65 • Fannie Mae Form 1003
Effective 1/2021

URLA Sections 7-8

Section 7: Military Service. This section asks questions about your (or your deceased spouse's) military service.

Military Service of Borrower

Military Service – Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces? NO YES

If YES, check all that apply: Currently serving on active duty with projected expiration date of service/tour ___ / ___ / ___ (mm/dd/yyyy)
 Currently retired, discharged, or separated from service
 Only period of service was as a non-activated member of the Reserve or National Guard
 Surviving spouse

Section 8: Demographic Information. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

- Hispanic or Latino
 Mexican Puerto Rican Cuban
 Other Hispanic or Latino – *Print origin:* _____

For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.

- Not Hispanic or Latino
 I do not wish to provide this information

Sex

- Female
 Male
 I do not wish to provide this information

Race: Check one or more

- American Indian or Alaska Native – *Print name of enrolled or principal tribe:* _____
 Asian
 Asian Indian Chinese Filipino
 Japanese Korean Vietnamese
 Other Asian – *Print race:* _____

For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

- Black or African American
 Native Hawaiian or Other Pacific Islander
 Native Hawaiian Guamanian or Chamorro Samoan
 Other Pacific Islander – *Print race:* _____

For example: Fijian, Tongan, and so on.

- White
 I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? NO YES
Was the sex of the Borrower collected on the basis of visual observation or surname? NO YES
Was the race of the Borrower collected on the basis of visual observation or surname? NO YES

The Demographic Information was provided through:

- Face-to-Face Interview (includes Electronic Media w/ Video Component) Telephone Interview Fax or Mail Email or Internet

Borrower Name: Peter Simon
Uniform Residential Loan Application
Freddie Mac Form 65 • Fannie Mae Form 1003
Effective 1/2021

Appendix C

The Loan App: URLA Section 9

Section 9: Loan Originator Information. To be completed by your **Loan Originator.**

Loan Originator Information

Loan Originator Organization Name ABC Mortgage Company

Address 1000 Any Street, Suite 200, Pleasant Valley, XY 99999

Loan Originator Organization NMLSR ID# 123456 State License ID# MB654321

Loan Originator Name John Smith

Loan Originator NMLSR ID# 7654321 State License ID# XYMLO7654321

Email jsmith@abcmtgco.com Phone (713) 300 - XXXX

Signature _____ Date (mm/dd/yyyy) ____ / ____ / ____

Borrower Name: Peter Simon
Uniform Residential Loan Application
Freddie Mac Form 65 • Fannie Mae Form 1003
Effective 1/2021

URLA — Additional Borrower Section 1

To be completed by the Lender:

Lender Loan No./Universal Loan Identifier 12345

Agency Case No. _____

Uniform Residential Loan Application — Additional Borrower

Verify and complete the information on this application as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix) Elizabeth Simon Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) Elizabeth Jones	Social Security Number XXX - XX - 9652 (or Individual Taxpayer Identification Number) Date of Birth (mm/dd/yyyy) 08 / 01 / 1974 Citizenship <input checked="" type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien
---	---

Type of Credit <input type="radio"/> I am applying for individual credit . <input checked="" type="radio"/> I am applying for joint credit . Total Number of Borrowers: <u>2</u> Each Borrower intends to apply for joint credit. Your initials: <u>es</u>	List Name(s) of Other Borrower(s) Applying for this Loan (First, Middle, Last, Suffix) – Use a separator between names Peter Simon
---	---

Marital Status <input checked="" type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Unmarried (Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)	Dependents (not listed by another Borrower) Number _____ Ages _____	Contact Information Home Phone (713) 438 - XXXX Cell Phone (713) 321 - XXXX Work Phone (713) 493 - XXXX Ext. _____ Email e-simon@email.com
---	--	--

Current Address

Street 12 Oakwood Lane Unit # _____
 City Pleasant Valley State XY ZIP 99999 Country USA
 How Long at Current Address? 4 Years 0 Months **Housing** No primary housing expense Own Rent (\$ _____ /month)

If at Current Address for LESS than 2 years, list Former Address Does not apply

Street _____ Unit # _____
 City _____ State _____ ZIP _____ Country _____
 How Long at Former Address? _____ Years _____ Months **Housing** No primary housing expense Own Rent (\$ _____ /month)

Mailing Address – if different from Current Address Does not apply

Street _____ Unit # _____
 City _____ State _____ ZIP _____ Country _____

1b. Current Employment/Self-Employment and Income Does not apply

Employer or Business Name Web Vision Inc. Phone (713) 493 - XXXX Street 314 Forest Ave Unit # _____ City Pleasant Valley State XY ZIP 99999 Country USA	Gross Monthly Income Base \$ 5,000.00/month Overtime \$ _____/month Bonus \$ _____/month Commission \$ _____/month Military Entitlements \$ _____/month Other \$ _____/month TOTAL \$ 5,000.00/month
Position or Title Program Designer Technology Start Date 05 / 10 / 2002 (mm/dd/yyyy) How long in this line of work? <u>20</u> Years <u>0</u> Months	Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.
<input type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) \$ _____ <input type="radio"/> I have an ownership share of 25% or more. \$ _____	

Appendix C

The Loan App: URLA — Additional Borrower Sections 1 (continued) and 2-4

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income		<input checked="" type="checkbox"/> Does not apply										
Employer or Business Name _____ Phone (____) ____ - _____ Street _____ Unit # _____ City _____ State _____ ZIP _____ Country _____		Gross Monthly Income Base \$ _____/month Overtime \$ _____/month Bonus \$ _____/month Commission \$ _____/month Military Entitlements \$ _____/month Other \$ _____/month TOTAL \$ _____ 0.00/month										
Position or Title _____ Start Date ____ / ____ / ____ (mm/dd/yyyy) How long in this line of work? ____ Years ____ Months	Check if this statement applies: <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction. <input type="checkbox"/> Check if you are the Business Owner or Self-Employed <input type="radio"/> I have an ownership share of less than 25%. Monthly Income (or Loss) \$ _____ <input type="radio"/> I have an ownership share of 25% or more. \$ _____											
1d. IF APPLICABLE, Complete Information for Previous Employment/Self-Employment and Income		<input checked="" type="checkbox"/> Does not apply										
Provide at least 2 years of current and previous employment and income.												
Employer or Business Name _____ Street _____ Unit # _____ City _____ State _____ ZIP _____ Country _____		Previous Gross Monthly Income \$ _____/month										
Position or Title _____ Start Date ____ / ____ / ____ (mm/dd/yyyy) End Date ____ / ____ / ____ (mm/dd/yyyy)	<input type="checkbox"/> Check if you were the Business Owner or Self-Employed											
1e. Income from Other Sources		<input checked="" type="checkbox"/> Does not apply										
Include income from other sources below. Under Income Source, choose from the sources listed here:												
<ul style="list-style-type: none"> • Alimony • Automobile Allowance • Boarder Income • Capital Gains 	<ul style="list-style-type: none"> • Child Support • Disability • Foster Care • Housing or Parsonage Payments 	<ul style="list-style-type: none"> • Interest and Dividends • Mortgage Credit Certificate • Mortgage Differential • Notes Receivable • Public Assistance • Retirement (e.g., Pension, IRA) • Royalty Payments • Separate Maintenance • Social Security • Trust • Unemployment Benefits • VA Compensation • Other 										
NOTE: Reveal alimony, child support, separate maintenance, or other income ONLY IF you want it considered in determining your qualification for this loan.												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Income Source – use list above</th> <th style="text-align: right;">Monthly Income</th> </tr> </thead> <tbody> <tr> <td> </td> <td style="text-align: right;">\$</td> </tr> <tr> <td> </td> <td style="text-align: right;">\$</td> </tr> <tr> <td> </td> <td style="text-align: right;">\$</td> </tr> <tr> <td style="text-align: right;">Provide TOTAL Amount Here</td> <td style="text-align: right;">\$ 0.00</td> </tr> </tbody> </table>	Income Source – use list above	Monthly Income		\$		\$		\$	Provide TOTAL Amount Here	\$ 0.00		
Income Source – use list above	Monthly Income											
	\$											
	\$											
	\$											
Provide TOTAL Amount Here	\$ 0.00											
Section 2: Financial Information — Assets and Liabilities.												
My information for Section 2 is listed on the Uniform Residential Loan Application with Peter Simon _____ (insert name of Borrower)												
Section 3: Financial Information — Real Estate.												
My information for Section 3 is listed on the Uniform Residential Loan Application with Peter Simon _____ (insert name of Borrower)												
Section 4: Loan and Property Information.												
My information for Section 4 is listed on the Uniform Residential Loan Application with Peter Simon _____ (insert name of Borrower)												
Borrower Name: Elizabeth Simon Uniform Residential Loan Application — Additional Borrower Freddie Mac Form 65 • Fannie Mae Form 1003 Effective 1/2021												

URLA — Additional Borrower Sections 5-7

Section 5: Declarations. This section asks you specific questions about the property, your funding, and your past financial history.

5a. About this Property and Your Money for this Loan

A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	<input type="radio"/> NO <input checked="" type="radio"/> YES <input type="radio"/> NO <input checked="" type="radio"/> YES PR _____ SP _____
B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	<input checked="" type="radio"/> NO <input type="radio"/> YES
C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?	<input checked="" type="radio"/> NO <input type="radio"/> YES \$ _____
D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?	<input checked="" type="radio"/> NO <input type="radio"/> YES <input checked="" type="radio"/> NO <input type="radio"/> YES
E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?	<input checked="" type="radio"/> NO <input type="radio"/> YES

5b. About Your Finances

F. Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	<input checked="" type="radio"/> NO <input type="radio"/> YES
G. Are there any outstanding judgments against you?	<input checked="" type="radio"/> NO <input type="radio"/> YES
H. Are you currently delinquent or in default on a Federal debt?	<input checked="" type="radio"/> NO <input type="radio"/> YES
I. Are you a party to a lawsuit in which you potentially have any personal financial liability?	<input checked="" type="radio"/> NO <input type="radio"/> YES
J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input checked="" type="radio"/> NO <input type="radio"/> YES
K. Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?	<input checked="" type="radio"/> NO <input type="radio"/> YES
L. Have you had property foreclosed upon in the last 7 years?	<input checked="" type="radio"/> NO <input type="radio"/> YES
M. Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13	<input checked="" type="radio"/> NO <input type="radio"/> YES

Section 6: Acknowledgements and Agreements.

My signature for Section 6 is on the Uniform Residential Loan Application with Peter Simon

(insert name of Borrower)

Section 7: Military Service. This section asks questions about your (or your deceased spouse's) military service.

Military Service of Borrower

Military Service – Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces? NO YES

If YES, check all that apply:

- Currently serving on active duty with projected expiration date of service/tour ___ / ___ / ___ (mm/dd/yyyy)
- Currently retired, discharged, or separated from service
- Only period of service was as a non-activated member of the Reserve or National Guard
- Surviving spouse

Borrower Name: Elizabeth Simon
 Uniform Residential Loan Application — Additional Borrower
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Effective 1/2021

Appendix C

The Loan App: URLA — Additional Borrower Sections 8-9

Section 8: Demographic Information. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

- Hispanic or Latino
- Mexican Puerto Rican Cuban
- Other Hispanic or Latino – Print origin: _____

For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.

- Not Hispanic or Latino
- I do not wish to provide this information

Sex

- Female
- Male
- I do not wish to provide this information

Race: Check one or more

- American Indian or Alaska Native – Print name of enrolled or principal tribe: _____
- Asian
- Asian Indian Chinese Filipino
- Japanese Korean Vietnamese
- Other Asian – Print race: _____
- For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.*
- Black or African American
- Native Hawaiian or Other Pacific Islander
- Native Hawaiian Guamanian or Chamorro Samoan
- Other Pacific Islander – Print race: _____

For example: Fijian, Tongan, and so on.

- White
- I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? NO YES
- Was the sex of the Borrower collected on the basis of visual observation or surname? NO YES
- Was the race of the Borrower collected on the basis of visual observation or surname? NO YES

The Demographic Information was provided through:

- Face-to-Face Interview (includes Electronic Media w/ Video Component) Telephone Interview Fax or Mail Email or Internet

Section 9: Loan Originator Information. To be completed by your Loan Originator.

Loan Originator Information

Loan Originator Organization Name ABC Mortgage Company

Address 1000 Any Street, Suite 200, Pleasant Valley, XY 9999

Loan Originator Organization NMLSR ID# 123456 State License ID# MB654321

Loan Originator Name John Smith

Loan Originator NMLSR ID# 7654321 State License ID# XYMLO7654321

Email jsmith@abcmgtco.com Phone (713) 300 - XXXX

Signature _____ Date (mm/dd/yyyy) ____ / ____ / ____

Borrower Name: Elizabeth Simon
Uniform Residential Loan Application — Additional Borrower
Freddie Mac Form 65 • Fannie Mae Form 1003
Effective 1/2021

The Loan App: URLA — Lender Loan Information

To be completed by the **Lender**:

Lender Loan No./Universal Loan Identifier 12345

Agency Case No. _____

Uniform Residential Loan Application — Lender Loan Information

This section is completed by your Lender.

L1. Property and Loan Information

Community Property State

- At least one borrower lives in a community property state.
 The property is in a community property state.

Transaction Detail

- Conversion of Contract for Deed or Land Contract
 Renovation
 Construction-Conversion/Construction-to-Permanent
 Single-Closing Two-Closing

Construction/Improvement Costs \$ _____
 Lot Acquired Date ____/____/____ (mm/dd/yyyy)
 Original Cost of Lot \$ _____

Refinance Type

- No Cash Out
 Limited Cash Out
 Cash Out

Refinance Program

- Full Documentation
 Interest Rate Reduction
 Streamlined without Appraisal
 Other _____

Energy Improvement

- Mortgage loan will finance energy-related improvements.
 Property is currently subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid for through property taxes (e.g., the Property Assessed Clean Energy program).

Project Type Condominium Cooperative Planned Unit Development (PUD) Property is not located in a project

L2. Title Information

Title to the Property **Will** be Held in What Name(s):
 Peter Simon and Elizabeth Simon

For Refinance: Title to the Property is **Currently** Held in What Name(s):

Estate Will be Held in

- Fee Simple
 Leasehold Expiration Date ____/____/____ (mm/dd/yyyy)

Manner in Which Title Will be Held

- Sole Ownership Joint Tenancy with Right of Survivorship
 Life Estate Tenancy by the Entirety
 Tenancy in Common Other

Trust Information

- Title Will be Held by an *Inter Vivos (Living)* Trust
 Title Will be Held by a Land Trust

Indian Country Land Tenure

- Fee Simple On a Reservation
 Individual Trust Land (*Allotted/Restricted*)
 Tribal Trust Land On a Reservation
 Tribal Trust Land Off Reservation
 Alaska Native Corporation Land

L3. Mortgage Loan Information

Mortgage Type Applied For

- Conventional USDA-RD
 FHA VA Other: _____

Terms of Loan

Note Rate 5.5000 %
 Loan Term 360 (months)

Mortgage Lien Type

- First Lien
 Subordinate Lien

Amortization Type

- Fixed Rate Other (explain): _____
 Adjustable Rate

If Adjustable Rate:

Initial Period Prior to First Adjustment _____ (months)
 Subsequent Adjustment Period _____ (months)

Loan Features

- Balloon/ Balloon Term _____ (months)
 Interest Only / Interest Only Term _____ (months)
 Negative Amortization
 Prepayment Penalty / Prepayment Penalty Term _____ (months)
 Temporary Interest Rate Buydown/Initial Buydown Rate _____ %
 Other (explain): _____

Proposed Monthly Payment for Property

First Mortgage (P & I)	\$ 1,022.02
Subordinate Lien(s) (P & I)	\$ _____
Homeowner's Insurance	\$ 95.00
Supplemental Property Insurance	\$ _____
Property Taxes	\$ 208.33
Mortgage Insurance	\$ 52.50
Association/Project Dues (Condo, Co-Op, PUD)	\$ _____
Other	\$ _____
TOTAL	\$ 1,377.85

Borrower Name(s): Peter Simon; Elizabeth Simon

Uniform Residential Loan Application — Lender Loan Information

Freddie Mac Form 65 • Fannie Mae Form 1003

Effective 1/2021

Appendix C

The Loan App: URLA — Lender Loan Information *(continued)*

L4. Qualifying the Borrower – Minimum Required Funds or Cash Back

DUE FROM BORROWER(S)	
A. Sales Contract Price	\$ 200,000.00
B. Improvements, Renovations, and Repairs	\$
C. Land (if acquired separately)	\$
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction <i>(See Table 3a. Property You Own)</i>	\$
E. Credit Cards and Other Debts Paid Off <i>(See Table 2c. Liabilities — Credit Cards, Other Debts, and Leases that You Owe)</i>	\$
F. Borrower Closing Costs (including Prepaid and Initial Escrow Payments)	\$ 3,739.78
G. Discount Points	\$
H. TOTAL DUE FROM BORROWER(s) (Total of A thru G)	\$ 203,739.78
TOTAL MORTGAGE LOANS	
I. Loan Amount Loan Amount Excluding Financed Mortgage Insurance (or Mortgage Insurance Equivalent) \$180,000.00 Financed Mortgage Insurance (or Mortgage Insurance Equivalent) Amount \$ _____	\$ 180,000.00
J. Other New Mortgage Loans on the Property the Borrower(s) is Buying or Refinancing <i>(See Table 4b. Other New Mortgage Loans on the Property You are Buying or Refinancing)</i>	\$
K. TOTAL MORTGAGE LOANS (Total of I and J)	\$ 180,000.00
TOTAL CREDITS	
L. Seller Credits (Enter the amount of Borrower(s) costs paid by the property seller)	\$ 3,350.00
M. Other Credits (Enter the sum of all other credits — Borrower Paid Fees, Earnest Money, Employer Assisted Housing, Lease Purchase Fund, Lot Equity, Relocation Funds, Sweat Equity, Trade Equity, Other)	\$
N. TOTAL CREDITS (Total of L and M)	\$ 3,350.00
CALCULATION	
TOTAL DUE FROM BORROWER(s) (Line H)	\$ 203,739.78
LESS TOTAL MORTGAGE LOANS (Line K) AND TOTAL CREDITS (Line N)	– \$ 183,350.00
Cash From/To the Borrower (Line H minus Line K and Line N) NOTE: This amount does not include reserves or other funds that may be required by the Lender to be verified.	\$ 20,389.78

Borrower Name(s): Peter Simon; Elizabeth Simon
 Uniform Residential Loan Application — Lender Loan Information
 Freddie Mac Form 65 • Fannie Mae Form 1003
 Effective 1/2021

Appendix D

Loan File Checklist

This checklist will help you assemble loan packages for submission to underwriters and investors. By making sure each loan package contains the following information, you can expedite the mortgage process. Note the term “borrowers” refers to both multiple borrowers or a single borrower.

Many investors have their own checklists or submission sheets. Check individual investors’ submission and documentation requirements.

Uniform Residential Loan Application (URLA) – Fannie Mae Form 1003, Freddie Mac Form 65 or other approved equivalent

- Completed in full, including a 2-year residency and employment history
- Occupancy status is indicated
- Information matches verification documents

Credit Report

- All supplements, including a public records examination
- All open credit accounts are listed on the Loan App
- Reflects 2 to 3 credit scores per borrower

Additional Credit Documentation

- Direct verification for any accounts not listed on the credit report
- Letter of explanation for any adverse items

AUS Feedback/Findings Report

- Most recent report and all pages
- Data submitted is accurate
- All required documentation has been obtained

Verification of Income Documentation

- Pay stub(s) for the most recent 30-day period with year-to-date earnings, AND
- W-2 forms for the previous 2 years
- Third-party vendor employment verification
- Employment gaps explained
- Documented telephone verification

Self-Employed Documentation

- 2 years’ signed personal tax returns with schedules AND
- If ownership is $\geq 25\%$, 2 years’ signed business tax returns
- Income analysis forms

Verification of Assets

- Verified funds are sufficient for closing and/or reserves
- The most recent 2 months’ depository account statements with all pages
- Source of funds: Document any significant changes in account balances or any recently opened accounts
- A signed gift letter from an acceptable donor and evidence the borrowers received the gift funds

Fannie Mae/Freddie Mac Uniform Residential Appraisal Report or Other Approved Equivalent

- Photos of subject property, street scene and comparables
- Building sketch and location map
- All addenda and explanations

Sales Contract and/or Escrow Instructions

- Completed in full, including all addenda and signed by all parties
- Verified earnest money deposit (cancelled checks, depository account statements)

Additional Documents Your Company or Investors May Require, as Applicable

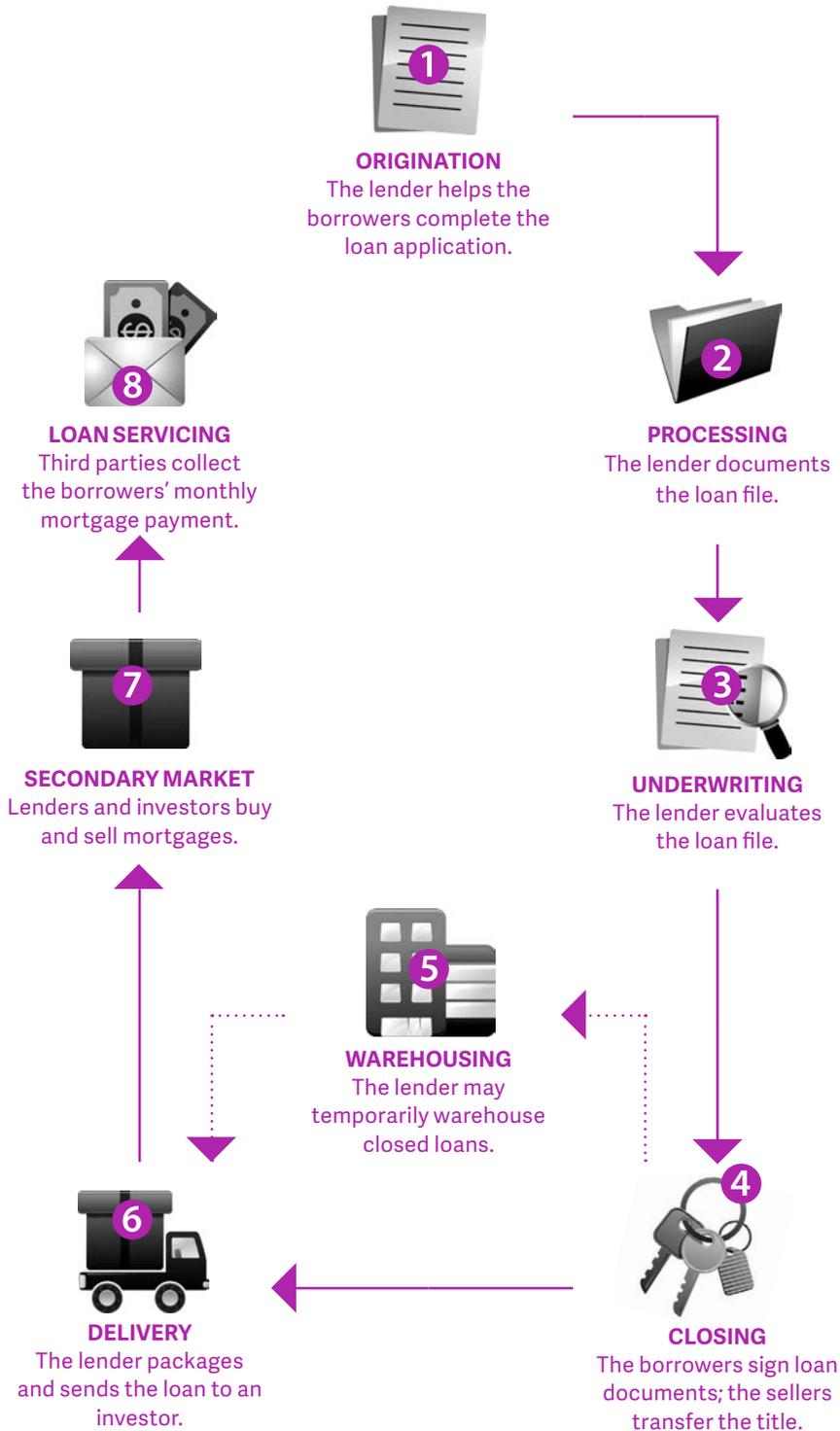
- Divorce decree/separation agreement
- Verification of child support/alimony if the borrower is using such income to qualify or is obligated to pay support/alimony
- Signed construction cost breakdown
- Rental agreements or leases
- Any other clarifying documents
- Bankruptcy filing statement, schedule of debts, discharge and explanation

Generally, documents must not be more than 120 days old from the date of the note.

Loan File Checklist is provided by Mortgage Guaranty Insurance Corporation.

Appendix E

The 8 Stages of the Mortgage Cycle



**mortgage guaranty
insurance corporation**

MGIC Plaza
Milwaukee, WI 53202
mgic.com

©2020 Mortgage Guaranty
Insurance Corporation
All rights reserved

71-42872 12/20